

of members of the U.S. Armed Forces and other Federal Government personnel overseas, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. VIGORITO:

H.R. 17606. A bill to amend the Internal Revenue Code of 1954 to provide that pensions paid to retired law-enforcement officers shall not be subject to the income tax; to the Committee on Ways and Means.

By Mr. MILLS:

H.R. 17607. A bill to suspend the investment credit and the allowance of accelerated depreciation in the case of certain real property; to the Committee on Ways and Means.

By Mr. FOGARTY:

H.R. 17608. A bill to amend the Internal Revenue Code of 1954 with respect to the income tax treatment of business development corporations; to the Committee on Ways and Means.

By Mr. GRABOWSKI:

H.R. 17609. A bill to amend the Internal Revenue Code of 1954 to allow teachers to deduct from gross income the expenses incurred in pursuing courses for academic credit and degrees at institutions of higher education and including certain travel; to the Committee on Ways and Means.

By Mrs. GREEN of Oregon:

H.R. 17610. A bill to amend title II of the Social Security Act to provide for cost-of-living increases in the benefits payable thereunder; to the Committee on Ways and Means.

By Mr. KEOGH:

H.R. 17611. A bill to amend the last sentence of section 162(a) of the Internal Revenue Code of 1954; to the Committee on Ways and Means.

By Mr. MATHIAS:

H.R. 17612. A bill to amend the Railroad Retirement Act of 1937 to provide for cost-of-living increases in the benefits payable thereunder; to the Committee on Interstate and Foreign Commerce.

H.R. 17613. A bill to amend title II of the Social Security Act to provide for cost-of-living increases in the benefits payable thereunder; to the Committee on Ways and Means.

H.R. 17614. A bill to amend title II of the Social Security Act so as to remove the limitation upon the amount of outside income which an individual may earn while receiving benefits thereunder; to the Committee on Ways and Means.

By Mr. RONCALIO:

H.R. 17615. A bill to authorize the Secretary of the Interior to investigate means of augmenting the water supply of the Colorado River Basin and other purposes; to the Committee on Interior and Insular Affairs.

H.R. 17616. A bill to authorize the Secretary of the Interior to proceed with construction, maintenance, and operation for the Seedskaadee irrigation project of Wyoming, to investigate means of augmenting the water supply of the Colorado River Basin and for other purposes; to the Committee on Interior and Insular Affairs.

H.R. 17617. A bill to amend the Colorado River storage project authorizing the continuation of studies to augment the water supply of the Platte River Basin in Wyoming, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. UDALL:

H.R. 17618. A bill to revise the Federal election laws, and for other purposes; to the Committee on House Administration.

By Mrs. REID of Illinois:

H.R. 17619. A bill to amend the Internal Revenue Code of 1954, to allow teachers to deduct from gross income the expenses incurred in pursuing courses for academic credit and degrees at institutions of higher education, and including certain travel; to the Committee on Ways and Means.

By Mr. ST. ONGE:

H.R. 17620. A bill to amend title 39, United States Code, to provide city delivery

mail service on a door-to-door delivery service basis for postal patrons who qualify therefor; to the Committee on Post Office and Civil Service.

By Mr. REES:

H.J. Res. 1300. Joint resolution providing for the designation of a week in September of each year as Industrial Security Week; to the Committee on the Judiciary.

By Mr. MINSHALL:

H. Con. Res. 1001. Concurrent resolution expressing the sense of the Congress with respect to certain proposed regulations of the Food and Drug Administration relating to the labeling and content of diet foods and diet supplements; to the Committee on Interstate and Foreign Commerce.

By Mr. HELSTOSKI:

H. Con. Res. 1002. Concurrent resolution expressing the sense of the Congress with respect to certain proposed regulations of the Food and Drug Administration relating to the labeling and content of diet foods and diet supplements; to the Committee on Interstate and Foreign Commerce.

By Mr. BERRY:

H. Con. Res. 1003. Concurrent resolution expressing the sense of the Congress with respect to certain proposed regulations of the Internal Revenue Service relating to elimination of tax-deductible education expenses; to the Committee on Ways and Means.

By Mr. FLYNT:

H. Res. 1016. Resolution to provide for the appointment of a select committee to investigate the facts and circumstances surrounding the issuance and implementation of revised statement of policies by the Department of Health, Education, and Welfare; to the Committee on Rules.

By Mr. DORN:

H. Res. 1017. Resolution creating a select committee to conduct an investigation and study of the Commissioner of Education's policies and guidelines; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BELL:

H.R. 17621. A bill for the relief of Mrs. Sharadha Viswanathan and her children, Usha Viswanathan and Meera Viswanathan; to the Committee on the Judiciary.

By Mr. CONYERS:

H.R. 17622. A bill for the relief of Hazel Scott; to the Committee on the Judiciary.

By Mr. CURTIS:

H.R. 17623. A bill for the relief of Dr. Ataollah M. Yazdi; to the Committee on the Judiciary.

By Mr. DENT:

H.R. 17624. A bill for the relief of certain individuals; to the Committee on the Judiciary.

By Mr. DONOHUE:

H.R. 17625. A bill for the relief of Ifigenia Mitroostas; to the Committee on the Judiciary.

By Mr. FARBSTEIN:

H.R. 17626. A bill for the relief of Chan Kam; to the Committee on the Judiciary.

H.R. 17627. A bill for the relief of Chan Che Ming; to the Committee on the Judiciary.

By Mr. FINO:

H.R. 17628. A bill for the relief of Calogero Mannino; to the Committee on the Judiciary.

By Mr. FULTON of Tennessee:

H.R. 17629. A bill for the relief of Dr. Armando Cabelo; to the Committee on the Judiciary.

By Mr. MOSHER:

H.R. 17630. A bill for the relief of the C. A. Olsen Manufacturing Co.; to the Committee on the Judiciary.

By Mr. PASSMAN:

H.R. 17631. A bill for the relief of the estate of Roberto Schnorr Monje; to the Committee on the Judiciary.

By Mr. PELLY:

H.R. 17632. A bill for the relief of the late Jacob DeHaven; to the Committee on the Judiciary.

By Mr. POWELL:

H.R. 17633. A bill for the relief of Salvatore Rubino; to the Committee on the Judiciary.

By Mr. RONCALIO:

H.R. 17634. A bill for the relief of Bing Hung Leo; to the Committee on the Judiciary.

By Mr. SIKES:

H.R. 17635. A bill for the relief of the estate of Roberto Schnorr Monje; to the Committee on the Judiciary.

SENATE

THURSDAY, SEPTEMBER 8, 1966

(Legislative day of Wednesday, September 7, 1966)

The Senate met at 12 o'clock meridian, on the expiration of the recess, and was called to order by Hon. HARRY F. BYRD, Jr., a Senator from the State of Virginia.

Rev. Raymond P. Cahill, pastor, Our Lady of Mercy Church, Potomac, Md., offered the following prayer:

O loving Father almighty, we praise Your wisdom, skill, and virtue. For wisdom is learning what is Your will. Skill is knowing how to do Your will, and virtue is doing Your will. Grant us, O Lord, this wisdom, skill, and virtue to do Your will today. By these graces open our minds to see the needs of every citizen and stranger within this great Republic.

Form with us laws learned from Your laws. Frame with us laws fashioned in the spirit of Your laws. Approve with us laws having the courage of Your laws. With such hope, O God, send us peace and prosperity. Shun none of us for our past failings of wisdom, skill, and virtue.

Pour out upon this U.S. Senate a growth in freedom and service, a greater love of country—for one's country is one's self and one's neighbor who are made to Your image and likeness, having Your wisdom, Your skill, and Your love.

In Your name we ask You hear us, now and always. Amen.

DESIGNATION OF ACTING PRESIDENT PRO TEMPORE

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., September 8, 1966.

To the Senate:

Being temporarily absent from the Senate, I appoint Hon. HARRY F. BYRD, JR., a Senator from the State of Virginia, to perform the duties of the Chair during my absence.

CARL HAYDEN,
President pro tempore.

Mr. BYRD of Virginia thereupon took the chair as Acting President pro tempore.

CALL OF THE ROLL

The ACTING PRESIDENT pro tempore. The Senate having recessed, pursuant to a previous order, in the absence of a quorum, the Chair directs the clerk to call the roll to ascertain the presence of a quorum.

The legislative clerk called the roll, and the following Senators answered to their names:

[No. 248 Leg.]

Bass	Hart	Moss
Bayh	Holland	Nelson
Brewster	Inouye	Pastore
Byrd, Va.	Kennedy, Mass.	Proxmire
Carlson	Kuchel	Randolph
Case	Lausche	Ribicoff
Clark	Long, Mo.	Robertson
Dirksen	Long, La.	Smith
Dodd	Mansfield	Talmadge
Dominick	McGovern	Thurmond
Griffin	Miller	Yarborough
Gruening	Monroney	Young, N. Dak.

Mr. LONG of Louisiana. I announce that the Senator from Nevada [Mr. CANNON], the Senator from Indiana [Mr. HARTKE], the Senator from New York [Mr. KENNEDY], the Senator from Washington [Mr. MAGNUSON], the Senator from Minnesota [Mr. MCCARTHY], the Senator from Oregon [Mr. MORSE], the Senator from Maryland [Mr. TYDINGS], and the Senator from Ohio [Mr. YOUNG] are absent on official business.

I also announce that the Senator from Alaska [Mr. BARTLETT], the Senator from Nevada [Mr. BIBLE], the Senator from West Virginia [Mr. BYRD], the Senator from Idaho [Mr. CHURCH], the Senator from Illinois [Mr. DOUGLAS], the Senator from Mississippi [Mr. EASTLAND], the Senator from Louisiana [Mr. ELLENDER], the Senator from North Carolina [Mr. ERVIN], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Tennessee [Mr. GORE], the Senator from Oklahoma [Mr. HARRIS], the Senator from Arizona [Mr. HAYDEN], the Senator from North Carolina [Mr. JORDAN], the Senator from Arkansas [Mr. McCLELLAN], the Senator from New Hampshire [Mr. McINTYRE], the Senator from Montana [Mr. METCALF], the Senator from New Mexico [Mr. MONTROY], the Senator from Maine [Mr. MUSKIE], the Senator from South Carolina [Mr. RUSSELL], the Senator from Georgia [Mr. RUSSELL], the Senator from Florida [Mr. SMATHERS], and the Senator from Mississippi [Mr. STENNIS] are necessarily absent.

Mr. KUCHEL. I announce that the Senator from California [Mr. MURPHY] is absent because of illness.

The Senator from Vermont [Mr. Aiken], the Senator from Colorado [Mr. ALLOTT], the Senators from Kentucky [Mr. COOPER and Mr. MORTON], the Senator from New Hampshire [Mr. COTTON], the Senators from Nebraska [Mr. CURTIS and Mr. HRUSKA], the Senator from Hawaii [Mr. FONG], the Senator from New York [Mr. JAVITS], the Senator from Idaho [Mr. JORDAN], the Senator from Kansas [Mr. PEARSON], the Senator from Wyoming [Mr. SIMPSON], and the Senator from Texas [Mr. TOWER] are necessarily absent.

The Senator from Utah [Mr. BENNETT], the Senator from Arizona [Mr. FANNIN], the Senator from Iowa [Mr. HICKENLOOPER], and the Senator from

South Dakota [Mr. MUNDT] are detained on official business.

The PRESIDING OFFICER (Mr. BASS in the chair). A quorum is not present.

Mr. MANSFIELD. Mr. President, I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Montana.

The motion was agreed to.

The PRESIDING OFFICER. The Sergeant at Arms will execute the order of the Senate.

After a little delay, the following Senators entered the Chamber and answered to their names:

Anderson	Mondale	Sparkman
Boggs	Neuberger	Symington
Burdick	Pell	Williams, N.J.
Hill	Prouty	Williams, Del.
Jackson	Saltonstall	
McGee	Scott	

The PRESIDING OFFICER. A quorum is present.

MARY T. BROOKS

The PRESIDING OFFICER. The Chair lays before the Senate the unfinished business, S. 3553.

The Senate resumed the consideration of the bill (S. 3553) for the relief of Mrs. Mary T. Brooks.

CIVIL RIGHTS ACT OF 1966

The PRESIDING OFFICER. The pending question is on agreeing to the motion of the Senator from Michigan [Mr. HART] to proceed to the consideration of the bill (H.R. 14765), to assure nondiscrimination in Federal and State jury selection and service, to facilitate the desegregation of public education and other public facilities, to provide judicial relief against discriminatory housing practices, to prescribe penalties for certain acts of violence or intimidation, and for other purposes.

THE JOURNAL

On request of Mr. HART, and by unanimous consent, the Journal of the proceedings of Wednesday, September 7, 1966, was approved.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Jones, one of his secretaries, and he announced that the President had approved and signed the following acts:

On September 7, 1966:

S. 490. An act to authorize the Secretary of the Interior to construct, operate, and maintain the Manson unit, Chelan division, Chief Joseph Dam project, Washington, and for other purposes;

S. 902. An act to provide that the Secretary of Agriculture shall conduct the soil survey program of the U.S. Department of Agriculture so as to make available soil surveys needed by States and other public agencies, including community development districts, for guidance in community planning and re-

source development, and for other purposes; and

S. 3034. An act to authorize the Secretary of the Interior to engage in feasibility investigations of certain water resource development proposals.

On September 8, 1966:

S. 3700. An act to amend the Urban Mass Transportation Act of 1964.

APPOINTMENTS BY THE VICE PRESIDENT

The PRESIDING OFFICER. On behalf of the Vice President, the Chair, pursuant to Senate Resolution 276, agreed to on Thursday, July 28, 1966, appoints Senator J. W. FULBRIGHT as chairman of the delegation appointed on September 1, 1966, to attend the Commonwealth Parliamentary Association meeting at Ottawa, Canada, September 28, through October 4, 1966.

ENROLLED BILLS SIGNED

The PRESIDING OFFICER announced that on today, September 8, 1966, the Vice President signed the following enrolled bills, which had previously been signed by the Speaker of the House of Representatives:

S. 2858. An act to amend section 502 of the Merchant Marine Act, 1936, relating to construction differential subsidies;

H.R. 399. An act to provide adjustments in order to make uniform the estate acquired for the Vega Dam and Reservoir, Collbran project, Colorado, by authorizing the Secretary of the Interior to reconvey mineral interests in certain lands;

H.R. 790. An act to rename a lock of the Cross-Florida Barge Canal the "R. N. Bert Dosh lock";

H.R. 2349. An act for the relief of Robert Dean Ward;

H.R. 3078. An act for the relief of Lourdes S. (Delotavo) Matzke and Yusef Ali Chouman;

H.R. 3671. An act for the relief of Josephine Ann Bellizia;

H.R. 4075. An act for the relief of John F. Reagan, Jr.;

H.R. 4861. An act to direct the Secretary of the Interior to convey certain lands in Boulder County, Colo., to W. F. Stover;

H.R. 6305. An act for the relief of lessees of a certain tract of land in Logtown, Miss.;

H.R. 6606. An act for the relief of Li Tsu (Nako) Chen;

H.R. 7141. An act for the relief of Ronald Whelan;

H.R. 7446. An act for the relief of certain civilian employees and former civilian employees of the Department of the Navy at the Norfolk Naval Shipyard, Portsmouth, Va.;

H.R. 7671. An act for the relief of Sophia Soliwoda;

H.R. 8000. An act to amend the Ship Mortgage Act, 1920, relating to fees for certification of certain documents, and for other purposes;

H.R. 8989. An act to promote health and safety in metal and nonmetallic mineral industries, and for other purposes;

H.R. 10656. An act for the relief of Kimberly Ann Yang;

H.R. 10990. An act for the relief of Maj. Alan DeYoung, U.S. Army;

H.R. 11038. An act for the relief of Mrs. Edna S. Bettendorf;

H.R. 11251. An act for the relief of Hubert J. Kupper;

H.R. 11271. An act for the relief of certain individuals employed by the Department of Defense at the Granite City Defense Depot, Granite City, Ill.;

H.R. 11347. An act for the relief of Maria Anna Piotrowski, formerly Czeslawa Marek;
H.R. 11844. An act for the relief of Maria Giuseppina Innalfo Feole;

H.R. 12328. An act to extend for 3 years the period during which certain extracts suitable for tanning may be imported free of duty;

H.R. 12461. An act to continue for a temporary period the existing suspension of duty on certain istle;

H.R. 12950. An act for the relief of Kazimierz (Casimer) Krzykowski;

H.R. 13558. An act to provide for regulation of the professional practice of certified public accountants in the District of Columbia, including the examination, licensure, registration of certified public accountants, and for other purposes;

H.R. 14514. An act for the relief of Vernon M. Nichols; and

H.R. 14904. An act to revise postal rates on certain fourth-class mail, and for other purposes.

EXECUTIVE COMMUNICATIONS, ETC.

The ACTING PRESIDENT pro tempore laid before the Senate the following letters, which were referred as indicated:

REPORTS OF COMPTROLLER GENERAL

A letter from the Acting Comptroller General of the United States, transmitting, pursuant to law, a report on examination of financial statements of St. Lawrence Seaway Development Corporation, calendar year 1965, Department of Commerce (with an accompanying report); to the Committee on Government Operations.

A letter from the Acting Comptroller General of the United States, transmitting, pursuant to law, a report on review of program for replacement and procurement of motor vehicles, Post Office Department, dated August 1966 (with an accompanying report); to the Committee on Government Operations.

A letter from the Acting Comptroller General of the United States, transmitting, pursuant to law, a report on review of charges for the diversion of overseas household goods shipments at points in the continental United States, Department of Defense, dated August 1966 (with an accompanying report); to the Committee on Government Operations.

REPORT ON TORT CLAIMS PAID BY CANAL ZONE GOVERNMENT

A letter from the Governor, Canal Zone Government, Balboa Heights, C.Z., transmitting, pursuant to law, a report on tort claims paid by that Government, for the period July 1, 1965, to June 30, 1966 (with an accompanying report); to the Committee on the Judiciary.

TEMPORARY ADMISSION INTO THE UNITED STATES OF CERTAIN ALIENS

A letter from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting, pursuant to law, copies of orders entered granting temporary admission into the United States of certain aliens (with accompanying papers); to the Committee on the Judiciary.

SUSPENSION OF DEPORTATION OF CERTAIN ALIENS

Two letters from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting, pursuant to law, copies of orders suspending deportation of certain aliens, together with a statement of the facts and pertinent provisions of law pertaining to each alien, and the reasons for ordering such suspension (with accompanying papers); to the Committee on the Judiciary.

companion papers); to the Committee on the Judiciary.

REPORTS RELATING TO GRANTING THIRD PREFERENCE AND SIXTH PREFERENCE CLASSI- FICATION TO CERTAIN ALIENS

A letter from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting, pursuant to law, reports relating to the granting of third preference and sixth preference classification to certain aliens (with accompanying papers); to the Committee on the Judiciary.

AMENDMENT OF EURATOM COOPERATION ACT OF 1958

A letter from the Chairman, Atomic Energy Commission, Washington, D.C., transmitting a draft of proposed legislation to amend the Euratom Cooperation Act of 1958, as amended (with accompanying papers); to the Joint Committee on Atomic Energy.

REPORTS OF A COMMITTEE

The following reports of a committee were submitted:

By Mr. JACKSON, from the Committee on Interior and Insular Affairs, without amendment:

H.R. 13508. An act to direct the Secretary of the Interior to cooperate with the States of New York and New Jersey on a program to develop, preserve, and restore the resources of the Hudson River and its shores and to authorize certain necessary steps to be taken to protect those resources from adverse Federal actions until the States and Congress shall have had an opportunity to act on that program (Rept. No. 1592).

By Mr. MOSS, from the Committee on Interior and Insular Affairs, with amendments:

S. 2918. A bill to direct the Secretary of the Interior to reinstate a certain oil and gas lease (Rept. No. 1593).

RESOLUTIONS

RESTORATION OF RATES OF DUTY APPLICABLE TO MACHINERY FOR PAPERMAKING UNDER THE GEN- ERAL AGREEMENT ON TARIFFS AND TRADE

Mr. DIRKSEN submitted a resolution (S. Res. 301) expressing the sense of the Senate that the President should under article XXVIII of GATT modify the concessions granted and restore the rates of duty applicable to machinery for papermaking, which was referred to the Committee on Finance.

(See the above resolution printed in full when submitted by Mr. DIRKSEN, which appears under a separate heading.)

ESTABLISHMENT OF A STANDING COMMITTEE ON URBAN AFFAIRS

Mr. WILLIAMS of New Jersey (for himself, Mr. BREWSTER, Mr. KENNEDY of Massachusetts, Mr. PELL, and Mr. RIBICOFF) submitted a resolution (S. Res. 302) establishing a Standing Committee on Urban Affairs, which was referred to the Committee on Rules and Administration.

(See the above resolution printed in full when submitted by Mr. WILLIAMS of New Jersey, which appears under a separate heading.)

LIMITATION ON STATEMENTS DURING THE TRANSACTION OF ROUTINE MORNING BUSINESS

Mr. HART. Mr. President, I ask unanimous consent that there be a period for the transaction of routine morning business with a limitation of 3 minutes on statements.

The PRESIDING OFFICER. Is there objection?

Mr. DIRKSEN. Mr. President, will the Senator amend that request to provide that the unfinished business will not be displaced?

Mr. HART. Mr. President, I include in my request the provision that the unfinished business not be displaced.

The PRESIDING OFFICER. Is there objection? There being no objection, it is so ordered.

INCREASED IMPORTATION OF PA- PER MANUFACTURING MACHIN- ERY

Mr. DIRKSEN. Mr. President, I note from some figures that have been called to my attention that the U.S. importation of machinery for the papermaking industries has increased 211 percent from 1962 to 1965. Exports, on the other hand, have declined by 20 percent, and the U.S. balance of trade in such machinery declined by 42 percent during the same period. The U.S. share of the world's export trade in such machinery declined from 24 percent in 1962 to 17 percent in 1964.

This has brought some dismay and concern to those who are identified with the papermaking machinery business. They are concerned, of course, over the powers that might be exercised by the negotiators under the General Agreement on Tariffs and Trade. They have felt that perhaps a resolution dealing with this matter might be in order.

I therefore submit a resolution to that effect.

The PRESIDING OFFICER. The resolution will be received and appropriately referred; and, under the rule, the resolution will be printed in the Record.

The resolution (S. Res. 301) was referred to the Committee on Finance, as follows:

S. RES. 301

Whereas under the General Agreement on Tariffs and Trade the assured life of tariff concessions granted by the United States and other nations, parties to the Agreement, is limited to three-year periods automatically renewable except as to concessions on which timely notice of modification or withdrawal is given prior to the commencement of a new three-year period, and

Whereas under article XXVII of the General Agreement on Tariffs and Trade any Contracting Party may on the first day of each three-year period modify or withdraw a concession previously granted, subject only to the obligation prior thereto to consult with the Contracting Party with which such concession was initially negotiated and other Contracting Parties determined to have a principal supplying interest with a view to securing their agreement to such change, including the possibility of compensatory adjustment in other tariff items to maintain

the general level of reciprocal and mutually advantageous concessions not less favorable to trade than those provided for in GATT concessions prior to such negotiations; and

Whereas the six months' period preceding the first day of each three-year period has been established as the period within which any nation desiring to exercise its rights under article XXVIII of GATT may give notice of its intention to the other Contracting Parties; and

Whereas the assured life of the GATT tariff concessions presently extends to December 31, 1966, January 1, 1967, is the first day of the next three-year period of assured life for such concessions, and the six months' "open season" for the giving of notice of intention to modify or withdraw tariff concessions under article XXVIII commenced on July 1, 1966; and

Whereas article XXVIII has frequently been invoked by other nations for the modification or withdrawal of particular tariff concessions, and the United States, in view of these precedents and the explicit terms of article XXVIII of GATT, has a clear right to initiate similar action during the current "open season" period for modification; and

Whereas United States imports of machinery for the papermaking industries have increased 211 per centum from 1962 to 1965, while United States exports declined by 20 per centum and the United States balance of trade in such machinery declined by 42 per centum during the same period, and the United States share of the world export trade in such machinery declined from 24 per centum in 1962 to 17 per centum in 1964; and

Whereas notwithstanding an exceptionally high level and rate of increase in capital expenditures per production worker maintained by the domestic industry producing machinery for the papermaking industries, the domestic industry's highly labor-intensive manufacturing processes make it increasingly vulnerable to low-cost foreign competition; and

Whereas the level of import duties and other frontier imposts on imports of paper industries machinery by the principal foreign supplying nations is not less than 20 percent ad valorem and two times or more the level of United States import duties, which are the lowest of any supplier of such machinery; and

Whereas the United States market is now the principal outlet for the sale of machinery produced in the United States for the papermaking industries, and the import penetration of that market has now risen to a level comparable to that which existed in the cotton textile trade when the United States took the initiative of securing reasonable import regulation through the negotiation of an international arrangement on cotton textiles; and

Whereas for the welfare of the employees of the United States industry producing papermaking machines and to maintain the potential of that industry for economic growth by reserving for it a suitable share in and the growth of the domestic market for paper industries machinery, the United States Government should exercise its clear right under article XXVIII of GATT to modify existing tariff concessions by restoring them to a level comparable to that now maintained by the principal foreign suppliers of such machinery through their combination of duties and frontier taxes: Now, therefore, be it

Resolved by the Senate, That it is the sense of the Senate that the President or his authorized representative should invoke the rights conferred upon the United States by article XXVIII of GATT to modify the tariff concessions granted by the United States so

as to restore the rate of duty specified for the applicable tariff items of the Tariff Schedules

of the United States to the level specified below:

Item	Articles	Rates of duty	
		1	2
	Machines for making cellulosic pulp, paper, or paperboard; machines for processing or finishing pulp, paper, or paperboard, or making them up into articles:		
668.00	Machines for making cellulosic pulp, paper, or paperboard.....	20% ad val....	35% ad val....
668.02	Other.....	20% ad val....	35% ad val....
	Parts of the foregoing machines:		
668.04	Bed plates, roll bars, and other stock-treating parts for pulp or paper machines.....	20% ad val....	20% ad val....
	Other:		
668.06	Parts of machines for making cellulosic pulp, paper or paperboard.....	20% ad val....	35% ad val....
668.07	Other.....	20% ad val....	35% ad val....

PROPOSED STANDING COMMITTEE ON URBAN AFFAIRS

Mr. WILLIAMS of New Jersey. Mr. President, the serious and growing problems of our Nation's cities have recently received the close attention of the Congress. Senator RIBICOFF's very helpful hearings have demonstrated the crisis of our cities. It seems strange to me that hearings on urban affairs must be held in the Committee on Government Operations. I am not questioning the propriety of those excellent hearings or questioning the jurisdiction of that committee, but I do want to point out that there is no formal committee of this body with exclusive jurisdiction over the life of our cities. Jurisdiction over urban affairs is scattered through half a dozen different committees.

As far as the Congress is concerned, our cities exist in a vacuum or a legislative limbo. The farmer can turn to the Agriculture Committee, the astronaut and the space scientists to the Space Commission, the soldier to the Armed Services Committee, the educator and the workingman to the Committee on Labor and Public Welfare; but the harried citizen of our overcrowded city has no place to turn in the Congress to plead his case. Mr. President, approximately 70 percent of America's population lives in cities or in urban areas. The Congress appropriates huge sums of money each year for road construction, housing, air and water pollution control, and for education and the war on poverty. We have even created a Cabinet-level Department to speak for the cities in the executive branch, and to plan for the future of our cities. Even the Supreme Court in its one-man, one-vote decisions has recognized the changed structure of American life, and given to the cities the power at the polls so long denied to them by rurally dominated and outmoded political structures. Yet the Congress has been reluctant to improve its own organization to reflect the new reality of urban America.

The new Department of Housing and Urban Development is the only Cabinet level department which does not have one committee to which it reports and which can exercise proper legislative jurisdiction over its far-reaching activities. At present it falls under the jurisdiction of the Banking and Currency Committee, which is principally con-

cerned with the Nation's banking and monetary system. I intend no slight to the outstanding work that Senator SPARKMAN and the able and hardworking staff of the Housing Subcommittee have done in shepherding such historic legislation as the Mass Transit Act and the various housing acts through the Congress. But I do think that the affairs of our cities deserve to be treated as more than a side bar operation of a major committee. It is also significant that while in the beginning Federal aid to our cities was almost exclusively concerned with urban housing, the scope of Federal aid has grown with every passing year so that it now touches almost every aspect of the urban environment. In the past, a subcommittee could handle the problems of housing alone, but at this point in time it is important that we deal with all the problems of our cities in their total context. Obviously, each individual Federal program has a direct impact on the total life of the city; you cannot build a highway without affecting the homes and businesses of thousands of people, and an urban renewal project always affects the entire life and nature of a city. These programs, as well as air pollution, water pollution, and mass transportation, deserve to be treated as a whole. We need one committee which can aim a rifle shot at the problems of our cities, not the scatter shot approach of fragmentary action by various different committees.

Mr. President, as we look to the future of our life in America, we must think of the style and quality of the life we are building for future generations. The migration to the cities has fundamentally changed the structure of America from rural to urban. The population of our cities will continue to grow. When we reach the point when 8 out of 10 Americans live in or near cities, the Congress cannot ignore one of the basic facts of life—that we are an urban Nation. These people deserve the full time and attention of the Congress. They deserve a committee to study their problems and make appropriate legislative recommendations to the full Senate. They need, if you will, an in-house lobby to speak and to argue for their interests, as the Agriculture Committee does for the farmer and the Space Committee does for the space program. They need the help that a full-time staff can give to

the Congress in developing new and better programs for our hard-pressed cities.

Therefore, I am today submitting a Senate resolution creating a permanent Standing Committee on Urban Affairs. This committee would consist of 15 members and would have the following areas of jurisdiction: public and private housing; recreation and open space in urban areas; urban mass transportation; measures relating to urban planning and development; air and water pollution originating in urban areas. Given this broad jurisdiction, the committee could study and act upon the total spectrum of the complex problems of our cities. Their unified approach could focus the resources of Federal Government scattered throughout many Federal agencies into a combined attack on the illnesses now plaguing our cities. I would point out to my colleagues who would be interested in serving on this committee that it will not be a major committee under rule XXV of the Senate. In other words, a Member could serve on this committee without being forced to give up his seat on one of the two so-called major committees on which he now serves. In this technical sense alone, the committee would be a minor committee. But in terms of its task and grave responsibilities, it would soon become one of the most important committees in the Senate.

Mr. President, there are two very practical reasons for the establishment of such a committee now. The funds we authorize for use in our cities are already vast and are growing each year. We have a serious responsibility to exercise the closest legislative oversight of what funds are authorized and how they are ultimately used. This body should have the advice and assistance of a committee adequately staffed, to study the total impact of Federal aid on our cities, to review the successes and failures of the existing programs, and to develop bold and imaginative new proposals for the years ahead.

I am also gravely concerned about the course the newly developed Department of Housing and Urban Development will take. It is my deep conviction, which I am sure is shared by Secretary Weaver and his able assistants, that the emphasis of the Department should be at least as much on urban development as it is on housing. In supporting the creation of this Department, it was not my intention just to give the FHA a glamorous new title and a prestigious letterhead. I wanted and supported a Department that will imaginatively explore the area of mass transportation, proper land use, better zoning laws, and good urban design. It should not be, and I am confident it will not be, a mere housekeeping or money-lending agency. But to perform its task, to survive and to grow in the interlocking jungle warfare of downtown bureaucracy, it needs the assistance and support that only a full standing committee of the Congress can give it. It seems strange to me that the newly born space program very promptly received the help of a full-time legislative committee. Surely if one agency and the expenditure of \$5 billion can justify the attention of a full committee, the millions

of Americans and the billions of dollars at work in our cities deserve as much or more attention and study. I, for one, am much more interested in abolishing the cancerous ghettos of our cities, than I am in exploring the craters of the moon. Lunar mineralogy and navigational stuntsmanship in outer space is all well and good, but it seems to me that our order of priorities and of values is seriously out of kilter if we spend more time on the beauties of pure scientific research than we do on the ugliness and the deprivation that scar and destroy the lives and the happiness of the city dweller.

Mr. President, as the elected representative of a major urban State, I have a serious responsibility to my constituents. I want to serve them and their interests as best I can. For that reason, I asked to serve on two committees whose work has the most impact on the lives of our cities, Banking and Currency and Labor and Public Welfare. These committees have done much to better the lot of the urban citizen. But I would like to serve, and I know that many of my colleagues from similar States will share this view, on a committee which can give its full attention to the problems of our cities, a committee which will have the staff to advise us as we attempt to help our urban citizens. Mr. President, the reform I am offering is long overdue. The Congress must recognize promptly the obligation it owes to the millions of Americans whose life and work takes place in an urban environment. One way we can do this is by creating the Standing Committee on Urban Affairs which I am proposing.

Mr. President, we talk often of the Great Society we are building. We talk of the quality of life we hope to create here in America. In reaching these goals, we cannot neglect the growth and the future of our cities. We cannot let them become grey canyons of despair, barren parade grounds of asphalt and of concrete. Too often our cities are living proof of Thoreau's baleful comment that "the majority of men live lives of quiet desperation." Our cities must be places of light and hope, where the Americans of the future can live and raise their families in an environment which allows them to use their talents and their skills to the fullest. The great benefits of the city in terms of education, culture, good medical care, recreation, and entertainment have lured men from the countryside since the beginning of civilization. What can we say of our own civilization if we allow these magnets for human ambition and hope to become barren prisons of despair, locking out the sunlight, and crushing the joy of living, in smog, squalor, and slums. Mr. President, the resolution I am submitting is a small but important gesture; it will demonstrate to all Americans that Congress has recognized and will face up to the serious problems of our cities, now and in the future.

I ask unanimous consent that the text of this resolution be printed in the Record at the conclusion of my remarks.

The PRESIDING OFFICER. The resolution will be received and appropriately referred; and, under the rule, the resolution will be printed in the Record.

The resolution (S. Res. 302) was referred to the Committee on Rules and Administration, as follows:

S. Res. 302

Whereas more than three quarters of the population lives in cities or in urban areas; the problems of the cities continue to increase and our cities are in crisis, and

Whereas the Congress has given increasing attention and importance to assisting the citizens of our cities to improve the quality of their life and the places where they live,

Whereas the Congress, through transportation and housing, education, air and water pollution, and urban development has recognized the needs of our cities and moved to help our cities,

Whereas the Congress has created a Cabinet Department of Housing and Urban Development whose principal responsibility is the development and improvement of the quality of life in our cities,

Whereas to fulfill its responsibilities to our cities and their inhabitants, the Congress should be prepared to devote its full attention and study to the problems of cities, to exercise continuing and informed legislative oversight of the expenditures of Federal funds to assist our cities, and to assist the Department of Housing and Urban Development to fulfill the mission assigned to it by the Congress; Therefore, be it

Resolved, That (a) paragraph (e) of section 1 of rule XXV of the Standing Rules of the Senate is amended by striking out subparagraph 4 and by redesignating subparagraphs 5-9 as subparagraphs 4-8, respectively.

(b) Section 1 of such rule is further amended by inserting after paragraph (p) a new paragraph as follows:

"(q) Committee on Urban Affairs, to consist of fifteen Senators, to which shall be referred all proposed legislation, messages, petitions, memorials, and other matters relating to the following subjects:

"1. Public and private housing.

"2. Recreation and open space in urban areas.

"3. Urban mass transportation.

"4. Measures relating to urban planning and development.

"5. Air and water pollution originating in urban areas."

(c) Section 4 of such rule is amended by striking out "and the Committee on Rules and Administration" and inserting in lieu thereof "Committee on Rules and Administration; and the Committee on Urban Affairs".

Sec. 2. This resolution shall take effect on the first day of the first session of the ninety-sixth Congress.

ADDITIONAL COSPONSORS OF RESOLUTION

Under authority of the order of the Senate of August 31, 1966, the names of Mr. PROXMIER, Mr. BURDICK, Mr. GRUENING, Mr. MCINTYRE, Mr. FULBRIGHT, Mr. DOMINICK, Mr. YOUNG of North Dakota, Mr. LONG of Missouri, Mr. PEARSON, Mr. YARBOROUGH, and Mr. BYRD of West Virginia were added as additional cosponsors of the resolution (S. Res. 300) to express sense of Senate with respect to troop deployment in Europe, submitted by Mr. MANSFIELD (for himself and other Senators) on August 31, 1966.

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on today, September 8, 1966, he presented to the President of the United

States the enrolled bill (S. 2858) to amend section 502 of the Merchant Marine Act, 1936, relating to construction differential subsidies.

NOTICE OF HEARINGS ON NOMINATIONS OF HENRY S. WISE, OF ILLINOIS, TO BE U.S. DISTRICT JUDGE, EASTERN DISTRICT OF ILLINOIS, AND ALEXANDER J. NAPOLI, OF ILLINOIS, TO BE U.S. DISTRICT JUDGE, NORTHERN DISTRICT OF ILLINOIS

Mr. EASTLAND. Mr. President, on behalf of the Committee on the Judiciary, I desire to give notice that public hearings have been scheduled for Thursday, September 15, 1966, at 10:30 a.m., in room 2228, New Senate Office Building, on the following nominations:

Henry S. Wise, of Illinois, to be U.S. district judge, eastern district of Illinois, vice Casper Platt, deceased

Alexander J. Napoli, of Illinois, to be U.S. district judge, northern district of Illinois, to fill a new position created by Public Law 89-372 approved March 18, 1966

At the indicated time and place persons interested in the hearings may make such representations as may be pertinent.

The subcommittee consists of the Senator from Arkansas [Mr. McCLELLAN], the Senator from Illinois [Mr. DIRKSEN], and myself, as chairman.

NOTICE CONCERNING NOMINATION BEFORE COMMITTEE ON THE JUDICIARY

Mr. EASTLAND. Mr. President, the following nomination has been referred to and is now pending before the Committee on the Judiciary:

Patrick J. Foley, of Minnesota, to be U.S. attorney, district of Minnesota, term of 4 years, vice Miles W. Lord

On behalf of the Committee on the Judiciary, notice is hereby given to all persons interested in this nomination to file with the committee, in writing, on or before Thursday, September 15, 1966, any representations or objections they may wish to present concerning the above nomination, with a further statement whether it is their intention to appear at any hearing which may be scheduled.

ORDER FOR RECESS UNTIL 12 O'CLOCK NOON TOMORROW

Mr. HART. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in recess until 12 o'clock noon tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECESS FROM FRIDAY TO MONDAY NEXT

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate completes its business, on tomorrow, it stand in recess until 12 o'clock Monday next.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

NEED TO CLOSE TAX-EXEMPT BOND LOOPHOLE

Mr. CASE. Mr. President, it has been widely reported that the administration may ask Congress to suspend the 7 percent investment tax credit for business, as an anti-inflationary measure.

What has not been reported is that the administration has refused to support termination of another Federal tax subsidy, for which there is no justification whatsoever.

This is the subsidy that has permitted a growing number of States and municipalities to pirate the industries of other States by issuing tax-exempt bonds to finance the construction of new manufacturing plants.

It is a development that I have followed with increasing concern and have discussed with former Secretary of the Treasury Dillon and leaders of the business community. Labor leaders have also demonstrated a growing concern with the problem.

I have no quarrel with the tax-free treatment accorded by the Federal Government to interest paid by States and municipalities on bonds issued to finance legitimate governmental functions, such as the construction of schools and highways.

But this privilege was never intended to be used, as it has come to be used with increasing frequency in recent years, as a means of borrowing cheaply to build plants in order to attract industry from other areas.

More than \$1 billion worth of these municipal industrial bonds were sold last year. The State of Arkansas alone is expected to raise \$220 million from such bond issues this year. Typically, these bonds are secured, not by the taxing authority of the ostensible borrower, but by the credit of the corporation that agrees to lease the new plant and reaps most of the benefit of the lower interest cost made possible by the Federal tax exemption.

The president of the New Jersey AFL-CIO, Mr. Vincent J. Murphy, has estimated that use of the tax-exempt industrial bond has helped to siphon 50,000 jobs from New Jersey in the last 5 years.

Writing in the New Jersey Labor Herald, Mr. Murphy puts the problem in a nutshell with these words:

It is incomprehensible that the Federal Government should continue to abet—in fact to subsidize—the creation of new distressed areas through a tax loophole, while at the same time, through other special measures, it is seeking to mitigate the tragedy of chronic distress where it already exists.

I welcome Mr. Murphy's support for the closing of this loophole. And I regret that the administration continues to withhold its support for a reform that is long overdue.

As stated 3 years ago by the Advisory Commission on Intergovernmental Relations:

The industrial development bond tends to impair tax equities, competitive business

relationships, and conventional financing institutions out of proportion to its contribution to economic development and employment.

The Treasury announced last September that it had the problem under study. More recently, Secretary Fowler has indicated that the privilege of issuing tax-exempt bonds for industrial development purposes is being abused.

But the Treasury has yet to offer any comments on a bill, introduced 5 months ago by the distinguished ranking minority member of the House Ways and Means Committee, Congressman BYRNES, designed to correct the situation.

The Byrnes bill represents only one of several possible approaches to the problem. But it is unreasonable to expect the Ways and Means Committee to act on the problem before the Treasury states its position.

This is by no means an isolated instance of foot dragging by the executive branch where controversial issues are at stake. But it seems most unfair for New Jersey and the other States that are being victimized by the municipal development bond tax dodge to have to await the outcome of the November elections before getting any assistance from the administration.

Mr. President, I ask unanimous consent that there be printed at this point in the RECORD an editorial entitled "Labor Day, 1966," written by Vincent J. Murphy and published in the Labor Herald on September 5, 1966.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

LABOR DAY, 1966

(By Vincent J. Murphy)

New Jersey has lost more than 50,000 jobs, mostly to southern states, in the last five years and the figure will grow unless the scandal of interstate plant piracy is exposed and the federal subsidy of the destructive practice is ended.

At first sanctioned by the southern states, but now spreading elsewhere, revenue from the sale of tax-free state and local bonds is improperly and increasingly being used to build plants for private profit purposes, often specifically to entice industrial runaways from New Jersey and other states. As a result, more states and bigger companies are resorting to the tax-free bond device to achieve instant development and easy profits.

The financial advantages of this scheme for the employer are substantial. Because the states and municipalities can sell tax-free bonds at a low interest rate, building costs are lower. Many times the employer buys the bonds himself and pockets the tax-free interest. Moreover, when he moves into the plant, often built to his own specifications, he pays only a minimal rental. What is more, no property tax is levied against him because the property is publicly owned.

What has been occurring is a perversion of what was originally a constructive federal tax exemption. The federal government long ago granted state and local governments the right to issue tax exempt bonds for the purpose of helping them reduce their costs when borrowing to finance public facilities like schools, hospitals and roads.

But when the states, their local governments or their specially authorized "development organizations" misuse these tax-exempt securities to finance the construction of industrial or commercial facilities for sale or rent to profit-making corporations, in

reality they are funneling the benefits of cheaper, subsidized tax-exempt financing meant for public purposes into private pockets instead. This kind of raid companies also run out from under pensions, vacations and other accumulating benefits due employees.

Obviously, it would be impossible to estimate the full impact that the 50,000 job loss has meant to New Jersey. The scores of empty factories across the state, such as the former Exide plant in West Orange, which once employed 700 workers, stand as mute reminders to the merchants in the area who have suffered lost business.

It is high time the Congress plugs the federal tax loophole which encourages plant piracy. No federal law should tolerate this misuse of federal funds for private profit. It is incomprehensible that the federal government should continue to abet—in fact to subsidize—the creation of new distressed areas through a tax loophole, while at the same time, through other special measures, it is seeking to mitigate the tragedy of chronic distress where it already exists.

RIGHT TO WORK

Mr. DIRKSEN. Mr. President, in behalf of the Right-to-Work Committee, and particularly Mr. Reed Larson, its executive director, I submit, for inclusion in my remarks, a letter which is addressed to me, and also an article which appeared in the Washington Post of August 19, 1966, by John Chamberlain, under the title "A Flank Attack."

There being no objection, the letter and article were ordered to be printed in the RECORD, as follows:

AUGUST 25, 1966.

HON. EVERETT MCKINLEY DIRKSEN,
Member, U.S. Senate,
Washington, D.C.

DEAR SENATOR DIRKSEN: Curtailment of debate on the airline strike legislation denied Congress testimony it needs to thoroughly consider the fundamental problem which led to the crisis.

The problem is basically one of union power. For the past 30 years Congress has piled legislation on legislation for the express purpose of enhancing the power of labor unions, without providing the restraining influence of voluntary union membership.

The nation is suffering the consequences of this accumulated special interest legislation.

As a first step in solving the problem the National Right To Work Committee urges full hearings on legislation that would eliminate Section 2, eleventh of the Railway Labor Act which sanctions compulsory union membership in the railroad and airlines industry. In 1951 Congress was led down a blind alley when it acceded to union demands and amended that part of the Railway Labor Act. This amendment legalized compulsory union membership and paved the way for many of the recurring disruptive labor disputes such as the transportation crisis.

Because of the vast complex of special privilege legislation for unions, the effect of union disputes are multiplied many times over in their impact on the economy.

Examples of union special privilege legislation embrace exclusive representation (forcing minority employees to accept union representation whether they want it or not), exemption of unions from anti-monopoly laws, and immunity from legal liability for wrongful and unlawful conduct.

While we do not pass judgment on these special-privilege laws, we emphasize that their existence makes it imperative that internal union democracy be buttressed by

protecting true freedom of association for the working man.

It is significant to note that the airline crisis arose in an industry whose employees do not enjoy even the limited protection afforded by Section 14(b) of the Taft-Hartley Act. In those industries covered by the Taft-Hartley Act rather than the Railway Labor Act the existence of 19 state Right To Work laws and the possibility of their enactment in 31 additional states provides one important restraint on union excesses and abuses of union power.

The restoration of voluntarism would provide the checks and balances necessary to keep union leadership responsive to the desires of the rank and file. In the case of the Machinists Union it could have prevented an internal union feud from reaching the point where it can shut down a major segment of the transportation industry.

Machinist Union President Roy Siemiller told a House Committee:

"We think it would just be a tragic mistake for the United States to take freedom away from any segment of the working population."

The National Right To Work Committee couldn't agree more!

Mr. Siemiller has put his finger on the basic causes of the present problem—the 1951 Congressional action which took "freedom" away from a "segment of the working population." Taking its cue from Mr. Siemiller, Congress can help to forestall a repetition of the present crisis by rectifying the "tragic mistake" made when it legalized compulsory unionism for the railway and airline employees. (It is interesting to note that at that time—1951—Lyndon B. Johnson, then a U.S. Senator from Texas, voted against the amendment, against compulsory union membership!)

By including fundamental reforms, Congress can advance employee freedom and free collective bargaining. Now is the time to restore voluntarism and thereby responsibility to the manner in which the union hierarchy wields its enormous economic power. The airlines strike provided sufficient justification for fundamental reform in our labor legislation. It is my conviction that the rank and file union member, as was amply demonstrated in communication to you in the 14(b) debate, would welcome full Congressional hearings, and when they are held should be called on to testify.

Kindest personal regards,

MR. REED LARSON,

National Right To Work Committee.

WASHINGTON, D.C.

A FLANK ATTACK

(By John Chamberlain)

Unless there is a war on, a really and truly declared war in which everyone's efforts, travels and consumption are subject to patriotic control without favoritism, there is no possible way in a democracy of making people work by compulsory methods. Instinctive knowledge of this rather than any professional cowardice or delinquency is what has made both Congress and the President wary in their handling of the air line strike.

When a person is a skilled man, the absurdity of attempting to chain him to a work bench becomes particularly obvious. Certainly it stands to reason that anyone with a transferable skill is not going to stay put very long in a time of high employment if he doesn't like the deal he is getting. Air line machinists have distinctly transferable skills, so how are you going to keep them from drifting away from their present jobs if they figure they are getting the short end of the stick in an economy of rising prices?

The basic reason for labor's defiance of the Johnson 3.2 per cent guidelines is the rise in corporate profits, which went up by some

15 per cent after taxes last year. A profit rise does not bother the sophisticated economist, who knows that profits go back, by way of investment, into machinery that makes more jobs at better rates of pay. The spread between wages and profits has never been as iniquitous as the Marxists would have the working man believe. Even so, workers, like other people, are subject to envy. And it is a standing wonder to me that people with some influence over economic decisions can't figure out a way of harnessing the driving power of envy to the general needs of industrial society.

The obvious way to reach such a desirable end would be to tie the worker to the profit drive. It so happens that Chairman WILBUR MILLS of the House Committee on Ways and Means, who is a Democrat, and Representative JOHN W. BYRNES, a leading Republican member of the Committee, have in their possession a bill drafted by E. S. Hall of Farmington, Conn., that might accomplish just such a thing.

Mr. Hall, a familiar Don Quixote on Capitol Hill, has been urging his idea on Congress for a long time. What he proposes is to give tax advantages to corporations that are willing to cut their workers in for a share of profits. The ingenious thing about Mr. Hall's scheme is that it offers a formula for determining the "investment worth" of a worker's time. Mr. Hall would pay profits equally on money invested in a business and on the time worked as measured by wages. A man earning \$7000 a year would get the same amount of profit at the end of a year as an investor who had put \$7000 into the company's machinery. Mr. Hall figures it is only justice to consider that a year of "life" invested in a business is worth a dividend equal to that earned by the money equivalent of the year's work. He is also right on the mathematical principle that "things equal to the same thing are equal to each other."

Mr. Hall's scheme is entirely permissive. As I understand it, he would relieve corporations that accepted his scheme of the burden of the so-called "double taxation" of dividends. The shared profits would be taxed only as income to people. Hall argues quite convincingly that "when employers and employees are limited partners receiving their parts of profit or loss, they will all try to increase profit and prevent loss." Limited partners would surely have less incentive to strike.

Profit sharing is one way of attacking the strike issue on the flank. Another way would be to extend the coverage of existing right-to-work laws to industries and unions that are now exempted from them by the Railway Labor Act. Compulsory unionism as it is now applied to railway and airline employees means that the rank and file of workers in transport have no good check on the decisions of their leaders. President Roy Siemiller of the Machinists Union has informed a House Committee that "it would be just a tragic mistake for the Congress of the United States to take freedom away from any segment of the working population." The question is whether any supporter of compulsory unionism really knows what freedom means.

HIGH SCHOOL FOOTBALL INVADED BY THE TELEVISION OF PROFESSIONAL FOOTBALL GAMES

Mr. DIRKSEN. Mr. President, I have received telegrams and letters from principals of high schools and from high school associations in Illinois and in other parts of the country who urge that any special legislation to aid professional football in gaining an exemption from

the antitrust laws as to the proposed merger should include an amendment to protect high schools and their football games on Friday nights from being invaded by the televising of professional football games in that area. Mr. President, the colleges of America are now protected from the televising of football games within 75 miles of a college football game, under existing law. I have advised the Members of Congress who have called me on this matter and the various high schools who have written me that the Senate on August 31, 1965, passed S. 950, which would exempt professional teams from the antitrust laws, but at the same time included my amendment which would amend the existing law so that the high schools would have similar protection now afforded to colleges as noted above. However, the House of Representatives has not acted on S. 950; and if the House should fail to do so before the end of this year, the high schools will not gain the protection intended in the Senate-passed bill.

Mr. President, the proposed bill to gain protection by congressional action authorizing the merger between the American Football League and the National Football League would also include my amendment to give the high schools the same protection now afforded colleges, which amendment was passed when the Senate favorably acted on S. 950. Thus, it would appear that it would be to the profit of the high schools to support professional football's effort to gain a special bill, as it would afford them the protection that they desire from the invasion of televised professional football games in their area. Mr. President, a special bill is being considered because some Members of Congress feel that S. 950 will not be enacted during this term of Congress because of other provisions contained in said act, but there appears to be a chance that the Congress may pass the proposed special bill.

Mr. President, I ask unanimous consent that the telegram I have received from Robert Grant, president, and Albert Willis, executive secretary, of the Illinois High School Association, be inserted in this part of the RECORD.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

CHICAGO, ILL., September 1, 1966.
Senator EVERETT M. DIRKSEN,
Senate Office Building,
Washington, D.C.:

Professional football is again televising games on Friday nights. Commissioner Rozelle has recently announced that professional football must have prompt congressional action to accomplish its merger objectives. The Board of Directors of the Illinois High School Association, representing approximately seven hundred and seventy-five high schools of this State, is gravely concerned about this matter. Approximately eighty-five percent of all high school games are played on Friday nights and most of our schools depend upon gate receipts for the support of their football programs. You are, therefore, urged not to support legislation that would allow exemption of any kind to professional football unless high schools are given protection from telecasts on Friday nights similar to that now given to colleges and universities on Saturdays.

This should include protection from games arranged by the league or by the individual clubs.

ROBERT GRANT,
President.
ALBERT WILLIS,
Executive Secretary,
Illinois High School Association.

AMERICAN POLITICAL SCIENCE ASSOCIATION HONORS ITSELF IN ELECTING FAINSDOD PRESIDENT

Mr. PROXMIRE. Mr. President, the American Political Science Association elected Prof. Merle Fainsod of Harvard University as its president on Wednesday.

In electing Professor Fainsod, this great association of more than 14,000 university professors, scholars, and public officials honored itself.

Professor Fainsod is a remarkable man. He has established himself as perhaps the Nation's most brilliant scholar and expert on Soviet studies. His doctoral dissertation on the Third International, written in the early thirties, was a masterpiece. I would challenge anyone anywhere to show me a better course than Fainsod's course at Harvard on communism.

But, Professor Fainsod does not conform to the traditional stereotype of today's scholar-specialist—that is, the expert who learns more and more about less and less until he knows practically everything there is to know about almost nothing.

On the contrary, Fainsod has immensely broadened and deepened his knowledge of every aspect of Russia and communism.

Even more significantly, he has become one of the country's most respected experts in two widely different fields of government.

His course in American politics at Harvard University was an exciting adventure as well as a topflight scholarly experience. Mr. President, I doubt if there is an opportunity available anywhere to secure a more objective and thorough insight into American party politics than in this great course by Fainsod.

And his graduate seminar in public administration was a discriminating and stimulating probing into what is a relatively new field for scholars.

But, Mr. President, above all, Professor Fainsod is much more than a scholar, a writer, an illustrious and respected name among students of government throughout the world. In my judgment, his distinction is that in an age in which so many of the established scholars are indifferent or pedestrian teachers, Fainsod is a teacher—and what a teacher—an inspired and stimulating teacher.

With so much of his time devoted to scholarly research, and dispersed into so many fields, Fainsod always comes into whatever class he is teaching fully prepared to give his students 50 minutes of instruction that would literally leave us asking each other, "How does he do it?"

So I pay tribute to the American Political Science Association today for honoring itself in electing one of the truly

great teachers of our time, Prof. Merle Fainsod, as its president-elect.

WISCONSIN NO. 1 DAIRY STATE

Mr. PROXMIRE. Mr. President, since January of this year, I have been reporting to my colleagues daily on the progress we are making in continuing and expanding the school milk program. During this period, the administration's plans to slash the program by 80 percent have been sharply revised, Congress has appropriated more money for the program than was made available last year, and legislation extending the program through June of 1970 is on the verge of final passage by Congress.

Of course, I would be less than candid if I did not admit that my State of Wisconsin has a special interest in the school milk program. Although the program benefits every State in the Union by providing milk to schoolchildren at reduced prices, it is also helpful to the dairy farmers of Wisconsin—the Nation's No. 1 dairy State. By providing a stimulus for the consumption of milk by schoolchildren, the program not only promotes child health, but also provides additional outlets for fluid milk—milk that might otherwise be powdered and stored under the Federal price support program at Government expense.

I am proud to say that Wisconsin's position as the No. 1 dairy State has been reaffirmed by the 1965 returns. Although this should come as no surprise to most of us, it indicates the continued vitality of the milk industry in Wisconsin at a time when low prices and high costs are forcing dairy farmers across the Nation to sell out and enter other occupational areas. Certainly, the Wisconsin dairy farmer, who supplies so much of the Nation's milk reserve as well as almost half of the Nation's cheese, deserves a salute for his continuing efforts in the face of a very unwholesome cost-price squeeze.

Let us look at some of the facts about dairy production in Wisconsin. Our State accounted for more than 15 percent of U.S. milk production in 1965. We produced almost 75 percent of the muenster and more than 65 percent of the blue mold cheese made in this country. More than one-fifth of the Nation's skim milk came from Wisconsin farms. I could go on and on.

So let there be no misconceptions, Mr. President. I support the school milk program because it is essential to the health of our schoolchildren. But I also recognize that it is a real help to the farmers of the No. 1 dairy State in the country.

I ask unanimous consent that an article from the Wisconsin Agriculturalist, setting forth the facts and figures on Wisconsin's remarkable milk production, be inserted at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

NO. 1 DAIRY STATE

Wisconsin is holding its place as the nation's top dairy state as shown in table below. Wisconsin continued first by a wide

margin with dairy herds producing over 19 billion pounds of milk in 1965. This was over 15 percent of the nation's total production for the year.

The greater share of this milk—about three-fourths—was used to make dairy products. Wisconsin ranked first in 12 manufactured dairy products, second in 5 other products and third in the output of 1 product.

More than a fifth of the nation's 1965 butter output was made in Wisconsin. And the state ranked second in output with over 290 million pounds.

The state ranked first in the production of all cheese—excluding cottage cheese. The more than 770 million pounds of cheese produced in the state accounted for 44 percent of all cheese made in the nation.

Wisconsin was the top producer of American, brick, Munster, Limburger, Italian and Blue Mold. But continued to rank second in Swiss output.

With more than 4 in every 10 pounds of both sweetened condensed and skim milk (bulk goods) produced in 1965, Wisconsin ranked in first place.

The state also has a high rank in the output of dry milk products. It ranks first in whey, second in buttermilk and dry skim milk. In dried whole milk output, Wisconsin ranked third among the states in 1965.—Wisconsin Statistical Reporting Service.

Wisconsin rank in the Nation's dairy industry, 1965

Product	Rank among States	Wisconsin production (pounds)	Percent of United States
Butter.....	2	290,188,000	21.9
Cheese:			
American.....	1	519,921,000	44.9
Swiss.....	2	38,067,000	31.0
Munster.....	1	22,919,000	74.6
Brick.....	1	15,313,000	68.7
Limburger.....	1	1,597,000	54.0
Italian.....	1	118,615,000	48.5
Blue mold.....	1	12,529,000	65.9
Total cheese excluding cottage cheese.....	1	770,398,000	43.9
Condensed milk, bulk:			
Sweetened, whole.....	1	26,332,000	40.8
Sweetened, skim.....	1	26,310,000	46.6
Unsweetened, whole.....	4	28,150,000	8.6
Unsweetened, skim.....	1	113,499,000	12.6
Evaporated whole milk, unsweetened, case.....	5	100,694,000	5.9
Dry products:			
Whole milk.....	3	13,158,000	14.8
Skim milk for human use.....	2	415,611,000	20.9
Skim milk for animal feed.....	2	4,638,000	18.8
Whey.....	1	158,802,000	39.3
Buttermilk.....	2	22,350,000	25.6
Malted milk powder.....	1	22,184,000	100.0
Ice cream (gallons).....	10	25,103,000	3.3
Milk production ¹	1	19,097,000,000	15.3

¹ Preliminary.

TIGHT-MONEY TWIST

Mr. WILLIAMS of Delaware. Mr. President, in today's issue of the Wall Street Journal appears an article which should be read by every Member of the Senate. This article is entitled "Tight-Money Twist," and it refers to the fact that a bill recently passed by the Congress aimed at pumping cash into housing may actually reduce funds. The article states that the recent U.S. effort to obtain money for home loan purchases could cut lender supplies.

I should like to read a couple of interesting paragraphs from this article,

and then I will ask to have the entire article incorporated in the RECORD:

The widespread feeling that the monumental attempt to aid housing may prove to be a monumental mistake has been latent for months as the bill moved through Congress. But since groups such as the National Association of Home Builders had been urging more funds for Fannie Mae, its officials didn't feel they could afford politically to rebuff the one move Congress appeared eager to make. The Administration's jitters mounted as the bill grew increasingly more generous. But Administration officials, keenly aware of the deepening distress of the building industry, confide that any open opposition would have been extremely awkward.

Another paragraph:

To a large extent, it's the Administration's own "fiscal restraints" on the economy that have fostered the monetary binds, many critics say. For instance, the speed-up in collecting corporate income taxes enacted last spring drained cash out of corporate tills sooner than expected. "That's one reason," a Federal banking analyst says, "why bank loans to businesses have been going up so fast." As the demand for loans mounted, of course, so did interest rates. "Paradoxical as it may seem, it's the Administration, not the Federal Reserve Board, that's been causing tightness" in credit, concurs Mr. Roosa.

This places the responsibility for the present high interest rates directly where it belongs; namely, the administration.

I ask unanimous consent that this entire article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

TIGHT-MONEY TWIST: BILL AIMED AT PUMPING CASH INTO HOUSING MAY ACTUALLY REDUCE FUNDS—U.S. EFFORT TO OBTAIN MONEY FOR HOME-LOAN PURCHASES COULD CUT LENDERS' SUPPLY—IS THINKING UPSIDE DOWN?

(By Richard F. Janssen)

WASHINGTON.—The Federal Government's money managers, despite their aim of aiding the economy, show signs of running amuck in the financial marketplace.

Without a prompt and sizable revamping of plans—which is highly possible—a piling-up of Federal borrowing requests threatens to add painfully this fall to the money-market strains that already have sent interest rates to their highest point in decades.

The fear of this tighter credit pinch, abuilding for some time among officials and private financial men alike, underlies President Johnson's terse weekend admission that he may have to "limit" sales of some Government securities.

A combination of events has been edging the usually obscure maneuverings of debt management into the White House limelight: The long-booming economy, inflationary fears, the upward surge in interest rates and their increasingly painful impact on many borrowers.

Ironically, though, the event that has elevated the concern to the crisis level is the new law intended to loosen the financial hobble of the limping home construction industry. So that lenders will have fresh cash to invest in housing, the plan is for the Government to buy up \$3.7 billion of existing home loans.

THE RUB

The act, which President Johnson is due to sign this week, has one rub: Before the Federal National Mortgage Association can put that money to work, it first must turn to private lenders and borrow it. Since many of the likely suppliers of the money regularly make mortgage loans, housing analysts are

acutely alarmed at the thought that the effect would be to divert money from mortgages—at least at first and maybe later, too. It is "almost upside down" to think that the massive new borrowing power for Fannie Mae will help home-building, contends Robert V. Roosa, the former Treasury Under Secretary who now is a partner in the private New York banking house of Brown Brothers Harriman & Co.

In the process, Mr. Roosa and others worry, the FNMA's more ambitious borrowing will surely drive mortgage interest rates up sharply. The agency's last fund-raising, about a month ago, required a yield of 5.91% on debentures of little more than two years' maturity. At such yields, critics contend the short-term Federal issues make much better buys than mortgages themselves, especially since inflation and the danger of default might erode the investor's return on a long-term home mortgage. "No prudent man should invest in 6% mortgages when he can get about 6% on a shorter Government security," a private housing economist reasons.

Certainly, full use of its new \$3.7 billion borrowing power (plus ability to borrow \$1 billion directly from the Treasury) would sharply expand Fannie Mae's demands on the money market. The bill would allow the FNMA to more than double the \$3.3 billion in private borrowings it had outstanding June 30, which consisted of \$2.2 billion in debentures and about \$1.1 billion in short-term notes. Potentially, the added sums would allow a major increase in the FNMA's purchases of existing home loans insured by the Federal Housing Administration or backed by the Veterans Administration; in the last six years combined, Fannie Mae's total purchases have amounted to only \$3.3 billion worth.

NET ADDITION IN DOUBT

If the new FNMA money were to be a net addition to the funds going into homebuilding, it would loom munificently. All private spending on new houses has been running at around a \$28 billion annual rate lately, and so far this year only about 16% of new housing starts have been aided by the Federally-backed mortgages that Fannie Mae can buy.

But such a net addition is in doubt. Haunting some key insiders is the fear that private lenders relieved of old mortgages by fresh Fannie Mae purchases will put the money they get into more lucrative and less risky shorter-term investments. "And unless builders can get the separate loans they need to finance the construction," one official adds, "it won't make any difference how much money Fannie Mae makes available because there aren't any mortgages on houses that were never started."

The widespread feeling that the monumental attempt to aid housing may prove to be a monumental mistake has been latent for months as the bill moved through Congress. But since groups such as the National Association of Home Builders had been urging more funds for Fannie Mae, its officials didn't feel they could afford politically to rebuff the one move Congress appeared eager to make. The Administration's jitters mounted as the bill grew increasingly more generous. But Administration officials, keenly aware of the deepening distress of the building industry, confide that any open opposition would have been extremely awkward.

SOME BENEFITS SEEN

While conceding that the new borrowing and mortgage-buying power won't be the "final answer" to the housing slump, some Administration strategists assert that it will do much more good than harm. The borrowing is apt to come in rather modest blocks of a few hundred million dollars at a time, one says; he contends many recipients of the FNMA money will want to put it

quickly into new mortgage loans to assure themselves of getting the present high rates for many years to come. The \$1 billion that Fannie Mae will get from the Treasury, another official adds, will definitely spur housing starts because it will only be used to buy "special assistance," below-market-rate FHA loans on new projects for low and middle-income families.

Embarrassingly, the new FNMA borrowing power comes along at a time when the Administration isn't even sure it can make use soon of other new Fannie Mae borrowing power for which it fought very hard. This is the agency's authority to sell to the public about \$3.2 billion of "certificates of participation," or part-interests in pools of Government-owned loans, in the fiscal year begun July 1. Through these sales, budget-makers were banking on an accounting "saving" of that much in total Federal spending, allowing them to report a budget deficit \$3.2 billion smaller than otherwise.

But offerings of these securities compete for money that might otherwise go into home mortgages. They carry interest rates that could easily lure investors away from more troublesome and risky mortgages; the last package sold, \$530 million worth in June, brought yields ranging up to 5.75%. So, on the ground that further sales soon would unnecessarily soak up funds that might be tapped for housing and local-government needs, the Home Builders Association and money-market men such as Mr. Roosa have been urging that they at least be held off this fall's increasingly frantic capital markets.

Noting that President Johnson has indicated he's considering a postponement of the participation sales, Republican Sen. ROBERT GRIFFIN of Michigan said yesterday that Mr. Johnson is in effect admitting that "continued use of this budgetary gimmick of his would even more seriously disrupt an economy already out of kilter."

Yet to postpone participation sales could run the Administration up against another problem: The national debt ceiling. Now set at \$330 billion, it is \$2 billion lower than officials told Congress they needed, and any major replacement of participation sales with extra Treasury issues later this year would bring the debt uncomfortably close to the legal limit. With its financing needs seasonally large before the spring flood of income tax collections, the Treasury previously calculated that by mid-December its debt would be within a narrow \$2.2 billion of the ceiling anyhow.

In a rather direct way, some Government men worry, Fannie Mae's borrowing operations may trip up other efforts to channel funds into housing. The 12 regional Federal Home Loan Banks, for instance, frequently trek to the money markets for funds they in turn lend directly to savings and loan associations, the chief source of home mortgage money. With savers lured away by higher rates offered by banks, Fannie Mae certificates and other short-term securities, the associations have been borrowing increasingly at the special Government banks; at the end of July, such borrowings totaled \$7.3 billion, up \$558 million from a month before and up almost \$1.6 billion from a year before. "I'm afraid," a Federal economist frets, that Fannie Mae's more glamorous offerings will make it "a lot harder" for the home loan banks to raise funds.

How tightly Fannie Mae's financings can be limited isn't yet clear; anyway, the Government's debt managers seem more and more dependent on them. Without this outside source of money, some of which is used to repay FNMA borrowings from the Treasury, the Treasury itself would have to do more borrowing to finance Federal housing or other programs.

Moreover, the FNMA borrowing offers a much-appreciated bypass around the legal

lid on Treasury interest rates. Fannie Mae can sell securities with as long a maturity as the market will bear, while the Treasury is currently held to issues of five years or less because a 1917 law which keeps it from offering more than 4 1/4% interest on longer-term bonds effectively prices it out of the market. Officials are well aware they can't hope to sell any long-term issues unless the ceiling is eased; but Treasury Secretary Fowler hasn't risked being stuck with the "tight money" label that such a request to Congress would probably entail.

The Treasury's tentative plan to borrow some \$4 billion in new funds through additional short-term bills in late October could itself put some extra strains on the money market. With interest rates on the \$2.3 billion worth of the bills sold each week to replace maturing ones setting records with dismaying regularity, "selling more Treasury bills would hardly have a calming effect," one private Washington seer asserts. Since these bills and some of Fannie Mae's issues come in denominations as low as \$1,000, they're believed to be increasingly appealing to families who might otherwise put money into savings and loan associations, which generally pay lower interest.

To a large extent, it's the Administration's own "fiscal restraints" on the economy that have fostered the monetary binds, many critics say. For instance, the speed-up in collecting corporate income taxes enacted last spring drained cash out of corporate tills sooner than expected. "That's one reason," a Federal banking analyst says, "why bank loans to businesses have been going up so fast." As the demand for loans mounted, of course, so did interest rates. "Paradoxical as it may seem, it's the Administration, not the Federal Reserve Board, that's been causing tightness" in credit, concurs Mr. Roosa.

This extra impetus for private borrowing came atop the increasing needs of a variety of Federal agencies for financing, such critics hold. The Treasury borrowed only about \$2.6 billion of new money in the fiscal year ended June 30, but issues offered by Fannie Mae and other agencies on their own totaled about \$6.9 billion. The impact on interest rates is more intense when separate agencies do their own borrowing, Mr. Roosa contends, partly because their "helter-skelter peppering of the market" leads to rumors about size and timing that give securities dealers a "sense of foreboding."

Mr. WILLIAMS of Delaware. This article refers to a recent bill which was passed by Congress, the purpose of which was to pump about \$4.75 billion into the housing industry. When this bill passed the Senate, amendments were incorporated which would have made certain that to the extent the money was used, the benefits would have gone directly to finance mortgages for the home buyers.

The conferees deleted those amendments, and when the conference report was reported back to the Senate, not only with the Senate amendments deleted but also with approximately \$1.5 billion added to the bill I opposed its adoption. I made the statement, then, that \$3 1/2 billion in title I would not help the housing industry but would in effect be nothing more than a bailout for the lending institutions.

It was clear to anyone who studied this bill that it was so designed.

The article appearing in today's issue of the Wall Street Journal not only confirms what I said; but it goes even further and states that the implementation of this bill will actually accelerate the rise in interest rates, with little or no

benefits accruing to the housing industry.

I respectfully suggest that, notwithstanding the political implications, the President should use his veto on this bill and send it back to Congress for correction.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. WILLIAMS of Delaware. Mr. President, I ask unanimous consent that I may proceed for 2 additional minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SALTONSTALL. Mr. President, will the Senator yield for a question?

Mr. WILLIAMS of Delaware. I yield.

Mr. SALTONSTALL. Mr. President, what the Senator from Delaware is saying is that this bill, which was passed for housing benefits, will not benefit housing, but will benefit the banks; and if the banks have more money, it will mean that more money will be loaned out at higher interest rates, and the purpose for which the legislation was intended would not be carried out.

Mr. WILLIAMS of Delaware. The Senator is correct.

Title I of the bill authorized around \$3.5 billion to buy the existing portfolios of mortgages now held by the lending institutions. But there was nothing in the bill in its final form which provided that the proceeds from this bailout be reinvested in home mortgages.

I repeat there is nothing in that bill which provides that this money will go to the housing industry once they bail out these lending institutions. I pointed out that weakness in the conference report.

As Mr. Richard F. Janssen points out no prudent man would lend money at 5 3/4 percent on home mortgages when he could get 6 percent in Government guaranteed loans or triple A bonds. There is nothing in the bill as passed by Congress and which is now on the desk of the President which guarantees that one single dime of the approximate \$3.5 billion in title I of that bill would go to the housing industry.

This bill is nothing more than a windfall to bail out the lending institutions. It will be a tremendous windfall and may well develop into another scandal. The President has it within his power to stop this measure now if he vetoes the bill.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. SALTONSTALL. If the President decides, in his wisdom and discretion, to permit the bill to become law, this section could probably be amended by Congress with additional legislation; is that not correct?

Mr. WILLIAMS of Delaware. It could be amended by again passing similar proposals that were included in the bill when it was passed by the Senate. However, the danger of that is that by the time Congress gets such a bill passed, it may be too late and this bailout will have taken effect. The President should veto the bill.

The Senate is now confronted with an indefinite delay on the pending civil

rights bill. Considering the difficulty that we have had getting quorums, I doubt that Congress will adjourn before the snow flies. In connection with the difficulty in getting a quorum, perhaps the leadership should call on those who claim to be such strong advocates of this civil rights bill to stop their demonstration marches and speeches back home and come back to attend to duties in Congress. Then we could get a quorum and proceed to discharge the business of the Senate.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. SALTONSTALL. The Senator is saying in substance that where we tried to assist housing development and stimulate the housing industry, we have failed in our purpose by this conference report, and that something has to be done if we are going to help housing; is that correct?

Mr. WILLIAMS of Delaware. The Senator is correct, otherwise this \$3½ to \$4 billion will be nothing more than a bailout for the lending institutions.

GEN. BERNARD A. SCHRIEVER

Mr. SYMINGTON. Mr. President, everybody who knew him personally and who also knew of his superb accomplishments, deeply regrets the retirement of Gen. Bernard Schriever, outstanding American of high character and extraordinary ability.

It was a sorry day for the security of the United States when General Schriever retired from the Air Force.

In this connection, I ask unanimous consent that an editorial, "Salute to a General," by William J. Coughlin, in *Technology Week* of September 5, be inserted at this point in the *RECORD*.

There being no objection, the editorial was ordered to be printed in the *RECORD*, as follows:

SALUTE TO A GENERAL

(By William J. Coughlin)

The professional military mind is by necessity an inferior and unimaginative mind; no man of high intellectual quality would willingly imprison his gifts in such a calling."

Thus wrote H. G. Wells in 1920 in his *Outline of History*. The allegation of a "military mind" even today haunts the men who have devoted their lives to a service career.

If there was ever a man who has given the lie to the cliché, it is one who retired from the Air Force last week after 34 years of distinguished service to his country—Gen. Bernard A. Schriever.

In fact, he has gained such a reputation as a brilliant organizer and hard-driving, intellectual manager that it is frequently forgotten that he flew 63 combat missions in the Southwest Pacific during World War II.

The nation owes an immense debt to Gen. Schriever, for he and a handful of other farsighted men almost literally dragged this country into the missile era at a time when there were few who believed that the intercontinental missile was a feasible weapon.

Moreover, once the decision had been made it was to Gen. Schriever that the task fell of putting together the organization to tackle such a formidable assignment.

The success story that followed is well-known in the industry and the nation but

it is nevertheless worth looking back at that period because success was not achieved easily. It is well to remember the failures, false starts and blind alleys because there is a philosophy predominant in military planning today which holds that cautious pre-planning can avert such costly setbacks. It is unlikely that the U.S. could have attained an operational ICBM when it did if such a philosophy had been followed in the *Atlas* project.

The breakthrough in the size of thermonuclear warheads which gave life and impetus to the *Atlas* intercontinental ballistic missile program came in 1953, although the missile itself had been under low-key development since 1951. The following year, the Western Development Division, which has since become the Ballistic Missile Division of the Air Force, was activated under the command of Gen. Schriever. In 1955, responsibility for the development of the *Titan* ICBM and the *Thor* intermediate-range missile was handed to the Division.

It is of interest that the *Thor* flight-test program started only 13 months after award of the contract. *Atlas* made its first flight in June, 1957. These are remarkably short leadtimes considering the complexity of the weapons and the advances required in the state of the art.

The Atomic Energy Commission advance in technology which led to small high-yield warheads was achieved in 1952-53 and brought about a Dept. of Defense review of its guided missile programs.

The late Trevor Gardner, then Air Force Special Assistant for Research and Development, set up a committee to evaluate strategic missiles under the chairmanship of the late Professor John von Neumann. It was this group, under the fighting leadership of Mr. Gardner, which brought about the redirection and increased priority for the *Atlas* program.

When Gen. Schriever was given command of the program in 1954, he realized that the immense job to be done required an entirely new management approach.

"It was apparent from the outset," Gen. Schriever recalls, "that our program would have to be—as it has in fact become—the single greatest venture ever attempted in building a weapon system. In view of the scope, complexity, and unknown character of the problems confronting us we had to achieve a new degree of management coordination in regard to money, manpower, and other resources."

The government-industry team which since then has worked on the ballistic missile programs performed together with amazing efficiency. As Gen. Schriever has pointed out, it accomplished in three and a half years what it took the Soviets seven years to do in missile development.

It was the break with tradition in planning that made this possible. Until then, weapon development had been carried out in a series of consecutive steps, from prototype through production to operational systems.

The short-cuts necessary to give the U.S. an operational ICBM at the earliest possible moment induced Gen. Schriever to initiate what is now known as the concept of concurrency.

"We took the calculated risk of planning, programming, and spending our funds concurrently on research, development, testing, production, manpower training, base construction, and other phases of our program," he says.

This approach bought time but it also bought a spate of problems. No one who lived through it will forget the base construction difficulty. But outstanding management brought outstanding rewards for the nation.

If there is perhaps a tinge of regret in Gen. Schriever that he has retired without reach-

ing the top of the Air Force ladder—something not too surprising in view of his willingness to be outspoken on what he regarded as important issues—he should know that the frankness he combined with his unusual ability has earned him a far more important place in the history of his nation than he could have won as a more politically sensitive Chief of Staff.

Gen. Schriever has made the phrase "the military mind" a proud one.

F-111 PROGRAM

Mr. SYMINGTON. Mr. President, an article in *Barron's* magazine for August 15 relating to the F-111-TFX program has resulted in considerable correspondence from my State. Accordingly, I requested the Defense Department to supply their position with respect to this article. The Department of Defense has now done so and has supplied me with a point-by-point analysis.

In answer to the article in question from their standpoint, they state:

It has been carefully reviewed by responsible officials of the Navy, the Air Force, and the Department's Directorate of Defense Research and Engineering. The article contains numerous factual errors, unsupported statements and misleading conclusions.

I ask unanimous consent that this reply from the Department of Defense with respect to the *Barron's* article of August 15, 1966, be inserted at this point in the *RECORD*.

There being no objection, the statement was ordered to be printed in the *RECORD*, as follows:

F-111 PROGRAM INFORMATION

[Reference: *Barron's* article, Aug. 15, 1966]

The article "Point of No Return" in the August 15 issue of *Barron's* is apparently meant to be a comprehensive report on the Defense Department's F-111 program. It has been carefully reviewed by responsible officials of the Navy, the Air Force, and the Department's Directorate of Defense Research and Engineering. The article contains numerous factual errors, unsupported statements and misleading conclusions.

These points should be made:

1. Production of the F-111A is on schedule. The first deliveries to combat forces will be made next year, thereby assuring the continued modernization of the Air Force operational inventory.

2. In essential respects, the performance of the F-111A will be close to the evaluations made during the 1962 competition. The more than 1200 hours of actual flight test experience to date confirm that in some cases these performance forecasts of four years ago will be exceeded.

3. In the critical factors of range, payload, speed and versatility, the F-111A will be superior in its class to any other tactical weapon system in the world.

4. The goal of one basic plane for two services is being met. In 1962, it was estimated that airframe "commonality" would be 83.8 percent. At present, it is 83.4 percent.

5. The first F-111 flight was made on schedule only 25 months after the contract was awarded. On the second flight, the F-111's revolutionary new variable sweep wing was demonstrated successfully—a significant technical advance that has become a routine feature of subsequent flights.

6. The cost experience during the RDT&E phase has compared favorably with that of other large-scale development programs. It is true that the present estimate exceeds the estimate made in 1962 by the Air Force, but,

as the 1963 Congressional testimony bears out, Secretary McNamara never accepted that estimate.

The Air Force RDT&E figure today reflects little change in airframe costs, some increase in requirements for support items and substantial increases in engines and avionics. The Navy increase is principally accounted for by inclusion of the development costs of the Phoenix missile and Airborne Missile Control System which were not in the original estimate, a change in the Air Force-Navy funding agreement, the inclusion of one additional test aircraft, airframe modifications and more clearly defined requirements for support items such as the operational flight trainer.

WEIGHT

There is essentially no weight problem with the Air Force F-111A. Statements to the contrary are without foundation in fact. It has often been stated that there is a weight problem with the Navy F-111B. The Navy has clearly acknowledged undesirable weight growth in the early Research and Development aircraft. Flight tests of these early aircraft had indicated that improvements beyond the capabilities of the early test aircraft are desired in a number of performance characteristics. It is usual to make necessary improvements during the course of the development programs for advanced aircraft. These deficiencies are recognized and an active design, development and test (wind tunnel and flight) program has been prosecuted to isolate, identify and rectify the problems as they are discovered.

Tests will begin on the fourth F-111B in September and on the fifth in October. These will be the first aircraft to incorporate significant benefits of the Super Weight Improvement Program (SWIP), as well as a number of important aerodynamic improvements to reduce drag, increase lift and generally improve performance. These two SWIP aircraft will be more representative of the production aircraft.

The F-111B is a weapons system composed of three elements: the Phoenix missile, the AMCS and the airplane itself. This combination will provide a capability of protecting the fleet against high-performance, long-range offensive systems of the enemy. The missile control system is the most advanced in the world. The F-111 airplane in which it is being installed has, even right now, before development improvements, a better performance capability in the air with regard to range and payload and longer time on station than any other carrier fighter aircraft the Navy has. The probability for success of the total weapon system concept is excellent. While the Navy may not get all the performance parameters it aimed at, its basic requirements should be met.

It was apparent at the end of 1963 that the F-111B would exceed specification weight. After extensive review by Air Force, Navy and DoD, a weight was estimated in the spring of 1964 for the F-111B scheduled for delivery in May 1966. This revised estimate established the new weight baseline for performance determination for the F-111. Compensating improvements in high lift devices were ordered to provide acceptable carrier landings. The actual plane weighed four pounds above that estimate when it was delivered last spring. It was 3000 pounds lighter than its predecessors. Although the contractor is approximately eight percent high in aircraft weight at this point, the high lift flight tests are demonstrating a better capability than was predicted in 1964.

In summary, there is an admitted weight problem on the Navy version. The present weight is not necessarily restricting the airplane for carrier use. High lift devices and engine improvements can compensate for the increased weight. There can be no accurate assessment of the degree of compensation

until the fourth and fifth aircraft, more representative of the production aircraft, are tested.

COST

In the original Air Force evaluation standards prepared at the time of the contract competition in 1962, the "fly away" unit cost of the F-111 was estimated at \$2.8 million. Secretary McNamara did not accept these cost estimates and termed them "unrealistic." The contractor estimated a total program cost of \$5.8 billion. Secretary McNamara challenged these figures. In April 1963, he said: "The fact is, however, that at the Secretarial level the cost estimates prepared by the Air Force were considered so unreliable as an indication of the ultimate differential in research, development and production costs between the programs of the two contractors that they could not be used as a foundation for the source selection." That same April he told the General Accounting Office that both the contractors' estimates and the Air Force cost standards and resulting cost estimates were inadequate.

Contractor estimates at the time of the competition could not be relied upon, because both contractors had a built-in motivation to make their estimates on the low side.

The contractors' own estimates at the time of the competition were not bids, could not be taken at face value and were not taken at face value. More recent production cost estimates are considerably higher than those unrealistic 1962 figures, just as Secretary McNamara predicted. The testimony is clear that the experience of the RDT&E program was necessary before anyone could have a firm fix on per plane costs. With this experience the costs for the basic airplane are now at the point that permits the production contract to be in the late stages of negotiation. We expect that when a definitized production contract is signed the price of the aircraft will be close to these more realistic estimates.

Variations of cost estimates from year to year are typical of large-scale development programs. At one point, the Navy planned to buy a great many more planes than it had considered originally. At another point, it planned to buy fewer planes. Secretary McNamara told Congress in 1965 that it was too early to settle on the size of the ultimate force. Without a decision on how many aircraft were to be purchased, it was impossible to arrive at an accurate cost-per-aircraft figure. No final figure is available today.

The budget for Fiscal Year 1967, for example, takes into account a force of 210 dual-purpose FB-111's now planned for the Strategic Air Command. It takes into account other changes in the force structure. These changes altered ultimate procurement plans for the F-111A and F-111B.

The F-111 cost estimates reflect a reduction in the number of aircraft, increased engineering costs, technical difficulties of the Phoenix missile and the AMCS and the deliberate addition of items which have increased the capability of the entire weapons system. The specific capability changes in the Air Force version include the computing gun sight, multiple ejection bomb racks and terrain-following radar.

It should be noted that the Phoenix weapons system is the most complex, advanced and sophisticated airborne weapons control system that has ever been conceived and/or designed. The earlier technical difficulties with the motor, the computer and the controls are, on the basis of the limited tests to date, being overcome and the system today is meeting all of its weight and performance milestones.

OTHER ALLEGATIONS

The allegations that the F-111 will require more maintenance than comparable aircraft

is a prime example of a misleading conclusion based on false premises. Comparing the subsonic, single-engine A-7 and C-5A subsonic transport to the supersonic, twin-engine F-111 is like comparing a truck to a racing car. A fair comparison would be with similar types of aircraft such as the F-105 and the F-4C. This shows that the F-111 should be far superior in maintainability. After many years of operational service which have resulted in reduced maintenance times, these aircraft still require more maintenance time per flight hour—40 hours for the F-105 and 38 hours for the F-4C—than the F-111 which, at the very outset, must demonstrate only 35 hours of maintenance per flight hour.

The author's assertion that the TFX was "commissioned primarily as an Air Force system and designed by Air Force aerodynamicists," with "little regard for the niceties of having to land at sea" is not true. The fact is that the specifications for the aircraft were established jointly with the Navy. In this regard, it is significant to point out that the short takeoff and landing capabilities desired by the Air Force required essentially the same type of aerodynamic features required for landing on aircraft carriers. The variable sweep wing and the high lift devices permitted the design of a high performance aircraft with extremely good low speed approach and landing capabilities, characteristics desired by both services.

The statement that "most of the carriers now commissioned and under construction will not be able to take the plane from the hangar deck up to the flight deck at anything over 70,000 pounds" is not true. The fact is that the elevators of the *Midway*, *Forrestal* and later classes of attack carriers which will be in the fleet at the time the F-111B becomes operational have a capacity to lift loads greater than that of a fully-loaded F-111B. These include today the *USS Midway*, *FDR*, *Coral Sea*, *Forrestal*, *Saratoga*, *Ranger*, *Independence*, *Kitty Hawk*, *Constellation*, *Enterprise*, *America*, and *Kennedy*.

It was asserted that the F-111B will need a "wind-over-the-deck" speed of at least 35 miles per hour and concludes that this seems "beyond tolerable limits." This figure is wrong. The current Navy estimate is that the F-111B would require less than half that amount of wind over the deck. It is significant to note that under comparable conditions, the Navy's F-4 requires 25.4 miles per hour and the RA-5C requires 32 miles per hour.

The article says "tests have shown" the F-111B cannot maintain its maximum time on station—loiter time—"because its weight prevents it from carrying the necessary fuel." This is incorrect. The fact is no loiter tests have been flown as they are not included in the early flight test program. However, based on flight test data now in hand and the expected subsonic drag reduction, the Navy believes that its loiter time requirements should be met.

The statement that the third model of the F-111B has "failed by 12,000 feet to reach the minimum specified height of 60,000 feet" is misleading as well as incorrect. In the first place, no such flight has even been scheduled or attempted with any F-111B at this stage of the program. Secondly, the specified combat ceiling for the F-111B is not 60,000 feet.

The article asserts that the F-111A cannot yet fly supersonically "on the deck," that it has been unable to reach Mach 2.5, and that the highest it has been able to go is some 25 to 50 percent short of requirements. The F-111A has flown supersonically at low level—1,000 feet—during structural testing of the aircraft. The altitude restriction was set solely for safety purposes. F-111A aircraft have made 77 flights at speeds of Mach 2 or above, including one at Mach 2.5 on

July 9, as announced by the Defense Department. While it is true that the F-111A at this stage of the test program has not reached its specification altitude, it has flown within 3,000 feet of the ceiling specified in the contract.

The author's conclusion that the F-111A and F-111B should be in combat by now but instead "remain years away from operational use" is his own private assessment. These aircraft were never scheduled to be in service now. The F-111A was to become operational in mid-1967 and is on schedule. Largely because of prior difficulties with the Phoenix missile system, the F-111B will become operational in early 1970 rather than 1968 as originally planned.

The article attempts to relate misconceptions about "zero drag," "forward" air flow, and the use of "splitter plates" to the range deficiency of the early flight test aircraft, which was partially caused by a greater amount of drag than had been estimated earlier by the contractor. To say the least, this exhibits a fundamental lack of knowledge on the part of the author of the physical laws and aerodynamic principles involved.

"Weight," the author states, "makes drag harder to overcome, but a plane at any weight is supposed to be designed to travel at zero drag." The facts are that drag, in itself, is independent of weight, and, furthermore, since drag is defined as the resistance of a body to movement in a fluid medium (air), a zero drag condition can exist only when the body is at rest or when it moves within a vacuum. Consequently, it is impossible for an aircraft to travel through the atmosphere at "zero drag." The author also talks about air flowing forward acting as a brake. There is no such reverse air flow in flight in this engine.

The author also does not understand the use of "splitter plates," which he infers had to be installed as an emergency measure because of design errors. The facts are that diverter or "splitter plates" are used on all high performance aircraft whose inlets are adjacent to the fuselage to remove boundary layer air from the inlet flow (F-4C, F-105, F-104, for example), and have been part of the F-111 design from the start.

The difficulty to which the author apparently is referring resulted to a considerable extent from certain design differences between the early aircraft and the SWIP aircraft (No. 12 and beyond). The SWIPs have just begun flight test so we do not at this time know the full extent of the problem that still exists. It is estimated that approximately 40% of the early deficiency resulted from the performance of the Government furnished engine as installed in the aircraft and is not accurately chargeable to the airframe design. It is important to note that subsequent development effort has overcome a significant portion of the drag problem and additional testing is underway to verify the improvements resulting from SWIP aircraft and design changes in the engine.

The statement that drag may be caused by air entering the cavity where the wings sweep in and out of the fuselage and that "there is no way to plug the gaps without upsetting the delicate functioning of the wing pivots," is but another illustration of the author's unfamiliarity with the current program. The facts are there is a way to seal the wing cavity and it has already been done. It has been accomplished by the use of a pressure boot, much like an automobile tire inner tube, and it has reduced drag. This seal has no relation to the wing pivot.

The reference in the article to exhaustive tests with the eighth F-111A test aircraft and the related conclusion that the aircraft is no match for the Soviet MIG-21 are without foundation. There have been no such tests conducted with any F-111A aircraft at Eglin Air Force Base or any other place for

this purpose. It is also significant that any aircraft performance data used in such a comparison based on Air Force F-111A #8 would not be representative of an operational configuration, since #8 is of the heavier pre-SWIP weight and had a lower-rated prototype YTF-30-P-1 engine installed. Further, since the F-111A is designed as a ground attack aircraft for deep penetration into a hostile environment, any comparison with a MIG-21 in an air-to-air "dog fight" engagement obviously is out of the context of its basic mission. Nevertheless, for any air-to-air missile engagements the F-111A is programmed to include the Sparrow, Falcon and Sidewinder air-to-air missiles. On the other hand, if one compares the MIG-21 with the F-111A in the ground attack role (a role for which the MIG-21 is not primarily designed), the F-111A has 40 times the payload capability at twice the range, in addition to greater speeds at both low and high altitudes.

The only so called "tests" at Eglin Air Force Base were theoretical computer studies made with early program data in an entirely different context and, as such, are of little value in assessing the operational capabilities of the production airplane.

The Barron's article similarly misrepresents the situation with regard to the FB-111, the strategic bomber version of the F-111.

It contends that the FB-111 will be so range limited that the number of tankers required would "all but nullify SAC as a means of piloted surprise non-nuclear deterrence." The fact is that on a typical non-nuclear mission both the B-52-D and the FB-111 require a single tanker.

ANNOUNCEMENT OF POSITION ON FOREIGN ASSISTANCE ACT CONFERENCE REPORT

Mr. HOLLAND. Mr. President, on yesterday, September 7, 1966, as shown by the CONGRESSIONAL RECORD, the Senate voted to approve the conference report on the Foreign Assistance Act of 1966. I was not in the Senate, having received information, which I thought was authoritative, that there would be no votes on yesterday. I was contacted by telephone, since I was in the city attending to important business. I asked that I be shown on the RECORD as supporting the conference report.

On examining the conference report today I have grave misgivings about it, particularly about the fact that it adds \$648 million to the Senate figure as contained in the Senate version of the bill.

I shall not ask for a correction of the RECORD because I did give authority to have my vote shown as approving the conference report, but I wish to give notice here on the floor of the Senate that I shall, in the Committee on Appropriations, do all that is within my power to reduce the amount of the foreign aid appropriations to an amount comparable to the amount stated in the Senate bill.

THE HOUSING DEMONSTRATIONS—STATEMENT BY DR. J. H. JACKSON

Mr. BYRD of Virginia. Mr. President, I invite the attention of the Senate to an article published yesterday on the front page of the Chicago Tribune. It is an Associated Press dispatch with a Dallas, Tex., dateline. The article concerns a

speech made by Dr. J. H. Jackson, the head of the Nation's largest Negro organization.

Dr. Jackson blasted open-housing demonstrations in Chicago as a part of a "conspiracy aimed at the destruction of the American way of life."

Dr. Jackson is the president of the 5½-million-member National Baptist Convention. I quote him further:

It will be 50 years before Chicago overcomes the setback she has suffered.

Continuing to quote, Dr. Jackson said:

We have the proof that direct demonstrations aimed at intimidation . . . will not work.

Dr. Jackson spoke at a press conference preceding the opening of the convention's national meeting in Dallas. Dr. Jackson continued by saying:

Any group of people who turn their backs on law and order are not working in the interest of freedom.

Then, Dr. Jackson was asked about the Communist influence in the conspiracy. Dr. Jackson, in his reply, stated that Attorney General Nicholas Katzenbach has said there was little Communist influence in the civil rights movement.

I return to quoting Dr. Jackson again. Dr. Jackson added these words:

I'm sure he—

The Attorney General—
didn't mean that.

I continue to quote Dr. Jackson:

There are too many obvious facts that tell us there is a conspiracy to break the will of those who put the American way of life first.

Mr. President, these are very significant words from an outstanding American citizen, who is the head of the Nation's largest Negro organization. I feel it appropriate to call to the attention of the Senate these words of this leader of a large group of citizens within the United States. I am particularly interested in his words because of what he says about Attorney General Katzenbach. He said:

I'm sure he didn't mean that.

Speaking of little Communist influence in the civil rights movement, Dr. Jack Jackson said:

There are too many obvious facts that tell us there is a conspiracy to break the will of those who put the American way of life first.

In that connection, Mr. President, this past Monday I spoke at a Labor Day meeting of the United Mine Workers in Hopewell, Va.

The PRESIDING OFFICER (Mr. BURDICK in the chair). The time of the Senator has expired.

Mr. BYRD of Virginia. Mr. President, I ask unanimous consent that I may proceed for 3 additional minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BYRD of Virginia. Mr. President, in my speech at Hopewell, Va., I asserted, and I assert today on the floor of the Senate, that the Attorney General of the United States, Mr. Katzenbach, has in effect sought to condone and excuse some of the riotings that have taken place in many of the large cities of the United

States. This is particularly true, I think, in the city of Cleveland.

Yet, he had in his possession a report from a special grand jury, made up of 15 Cleveland residents, who said flatly that, and I am quoting from the report:

The outbreak of lawlessness and disorder was both organized, precipitated and exploited by a relatively small group of trained and disciplined professionals in this business.

The grand jury report went on to say:

The professionals were aided and abetted wittingly or otherwise, by misguided people of all ages and colors, many of whom are avowed believers in violence and extremism, and some who are either members of, or officers in, the Communist Party.

I should like to point out that this grand jury, acting under Ohio jurisprudence going back 100 years ago, was drawn by lot, 14 out of 15, and that 2 of the 14 were Negroes. The foreman of the grand jury, under Ohio law, is named by the judge and in this case was the retired distinguished editor of the Cleveland Press, Louis Seltzer.

Yet, despite the fact that the grand jury—composed of individual citizens of the city of Cleveland—made an exhaustive study of the riots, the Attorney General gave the study little credence, if any, and, in my judgment, is tiptoeing around this whole very important issue of violence which is taking place in many of the cities of our Nation.

The PRESIDING OFFICER. The time of the Senator from Virginia has expired.

Mr. BYRD of Virginia. Mr. President, I ask unanimous consent to proceed for 2 additional minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BYRD of Virginia. Mr. President, the Attorney General, contrary to the study of the Cleveland grand jury, and contrary to the beliefs of Dr. Jackson, the head of the largest Negro organization in the Nation, seeks to justify the riots on the basis of undesirable social conditions which exist in the metropolitan areas.

I am certain that every Senator, and every decent, thinking American citizen would like to see these conditions alleviated, but the fact that these conditions now exist does not justify the attempt being made by high officials to excuse or condone the riots now taking place.

Let me conclude by commending Dr. Jackson for his forthright assertion that:

There are too many obvious facts that tell us there is a conspiracy to break the will of those who put the American way of life first.

APPOINTMENT OF JUDGE WADE H. MCCREE

Mr. HART. Mr. President, on yesterday, the Senate gave its advice and consent to the nomination of Wade H. McCree to the Sixth Circuit Court of Appeals.

I ask unanimous consent to have printed in the RECORD two editorials on this subject, one of which was published

in the Detroit Free Press for August 17, 1966, and the other in the Detroit News on August 16, 1966.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

[From the Detroit Free Press, Aug. 17, 1966]
GOOD JUDICIAL APPOINTMENT

Wade H. McCree has the rare interweaving of intellectual strengths and human compassion that should adorn the title, judge.

While walking to work from Lafayette Park, a conversation with him may glide easily to a fine point in a habeas corpus application, the previous night's band concert or James Michener's latest book.

Those along his route know the judge. Merchants wave. Drivers offer rides which he invariably turns down. There's a brief, friendly chat as he picks up his New York Times at the Gratiot newstand.

The time the walk is made to and from the Federal Building hasn't changed during the summer. The Federal Court continues to work a full day, unlike the many state courts which adopt shortened "summer hours."

When Judge McCree voices regret in leaving the U.S. District Court, it's more than a courteous nod to his colleagues. Under Chief Judge Theodore Levin, the court has become a model of enlightened jurisprudence. It has pioneered the broad use of appearance bonds, pre-sentence conferences among judges, the blind draw in assigning cases, the elimination of the need for court commissioners and the wide use of indeterminate sentences. The small backlog of cases on the federal docket also should serve as a model.

Judge McCree has been a natural choice for a wide range of voluntary legal, educational, civil rights and citizen activities. But he perhaps takes greatest satisfaction from a program, started himself, which provides scholarships for inner city high school graduates otherwise unable to afford college.

In naming Judge McCree to the Sixth District Court of Appeals, President Johnson has chosen a man who, through his knowledge and service to the law and to people, is richly qualified.

[From the Detroit News, Aug. 16, 1966]

MCCREE MOVES UP

"Nice guys finish last," a baseball chap once said, and there are numerous other bits of folk-wisdom to support the notion that diligence, character, courage and other like virtues count for little in this harsh world.

Elevation of Federal Judge Wade H. McCree to the U.S. Court of Appeals refutes such dismissal counsel. McCree is a walking demonstration of all the things a gentleman and a good judge should be, including, on rare and nonjudicial occasions, the capacity of making small, human mistakes.

He is living proof, too, that the appointive method can produce a good judiciary. He got his start in quasi-judicial work with an appointment by then Gov. Williams to the Workmen's Compensation Commission; he first became a Wayne County circuit judge, too, by appointment from Williams.

President Kennedy named McCree a Federal district judge here in 1961, after seven years on the county bench, and in the five years since, as before, he has justified the confidence placed in him.

There can be no doubt that he will perform fully as well in this new assignment, a court second only to the U.S. Supreme Court in jurisdiction. The U.S. Senate, which must pass on the appointment, will find no dearth of testimony to that effect from his fellow-Detroiters.

Mr. HART. Mr. President, these editorials speak eloquently of the admira-

tion and respect which the people of Michigan hold for Judge McCree, and make clear the wisdom of the action which the Senate took on yesterday.

OPEN HOUSING PROVISION OF CIVIL RIGHTS ACT OF 1966

Mr. HART. Mr. President, I ask unanimous consent to have printed in the RECORD at the conclusion of my remarks an article which was published in the Washington Post today, written by Rowland Evans and Robert Novak, entitled "Anatomy of a Lie."

The PRESIDING OFFICER. Without objection, it is so ordered.
(See exhibit 1.)

Mr. HART. Mr. President, this article speaks to the point most eloquently and is all that needs to be said.

EXHIBIT 1

ANATOMY OF A LIE

(By Rowland Evans and Robert Novak)

As part of the fear campaign against the open housing provision of the civil rights bill, the radical right has put an outrageous—and totally fictitious—statement in the mouth of Attorney General Nicholas deB. Katzenbach.

For a full month now, members of Congress, newspaper editors and Katzenbach himself have been receiving indignant letters about the Attorney General. The source of the indignation is the following statement, alleged to have been made by Katzenbach to a congressional committee but suppressed by the liberal press:

"The policy of this Administration is to favor a compelled amalgamation of all races, colors and creeds in residential areas; individual preferences, the right of private property and personal freedom must be sacrificed to this overriding policy."

Any statement like that by the Attorney General would indeed be reason enough for opposing President Johnson's open housing provision (passed by the House and now confronting a Senate filibuster). In fact, however, it is a fabrication that provides a case study not only of how extremists on both sides can distort debate on an important issue, but also in the technique of the big lie.

The story starts on June 6 when Katzenbach, testifying before a Senate Judiciary subcommittee, asserted that the open housing provision was unjustly labeled a "forced housing" proposal when it really was directed against "forced housing" requiring Negroes to stay in ghettos.

Sylvester Petro, a New York University law professor and theoretician of the respectable right, challenged Katzenbach's theory before the same subcommittee three days later.

"When one removes the tortured indirectness from the Attorney General's language," said Petro, "what remains is this assertion: The policy of this Administration is to favor a compelled amalgamation, etc., etc."

Word for word, this is the statement now attributed directly to Katzenbach. What Petro claimed to see in the mind of the Attorney General now has been put in his mouth by direct quotation.

Actually, Petro's testimony probably would have gone unnoticed had not it been placed in the CONGRESSIONAL RECORD of June 21 by Sen. SAM J. ERVIN, JR. (D-N.C.), a foe of the open housing provision. It was noticed there by Phoebe Courtney, who, with her husband Kent Courtney, publishes the far-right Independent American of New Orleans.

In an undated pamphlet apparently mailed by the Courtneys early in July, the quotation pops up. Correctly, it is preceded by this clause: "... Professor Petro said that, in

essence, what the Attorney General meant was . . ."

But within a few days, Phoebe Courtney seemed to forget the source of the quotation. In a July 21 letter appealing for funds to save the debt-ridden Independent American, she asked:

"How many Americans know that the Attorney General of the United States of America made the following statement before a congressional committee in urging passage of the 'forced housing' section of L.B.J.'s civil rights bill?" There followed the Petro statement—this time not attributed to Petro.

"Does that shock you?" she continued. "It does me. This is the kind of news that the left-wing-controlled press carefully hides from the American people. I found it only after laboriously researching the CONGRESSIONAL RECORD."

Willis E. Stone, national chairman of the Liberty Amendment Committee (which advocates abolishing the Federal income tax), quickly picked up Mrs. Courtney's lead. In a fundraising letter of Aug. 2, Stone seized part of the Petro quote and put it in Katzenbach's mouth. The letter began:

"Attorney General Katzenbach, in pleading for the 'civil rights' bill, said: ' . . . individual preference, the right of private property and personal freedom must all be sacrificed . . .'"

Readers of the Courtney and Stone letters wrote protesting letters to newspapers across the country, some of which were printed in letters-to-editors columns, thereby inadvertently spreading the lie. As a result, even friends of civil rights expressed their alarm over the scare words in letters to the Justice Department.

In its present form, the open housing provision does not even apply to individual home owners. But by now it is probably impossible to convince many of them that Katzenbach did not tell Congress that "personal freedom" must be sacrificed. Through the technique of the big lie, the spurious Katzenbach quote has become inseparably entwined with hysterical opposition to open housing.

ADDRESS BY NORMAN CLAPP, ADMINISTRATOR, RURAL ELECTRIFICATION ADMINISTRATION

Mr. MANSFIELD. Mr. President, my colleague, the able Senator from Montana [LEE METCALF], has been a strong champion of the rural electrification program for many years. Senator METCALF is now in Montana. Before he left the city, he asked that I place in the body of the CONGRESSIONAL RECORD remarks made by the Administrator of the Rural Electrification Administration, Norman M. Clapp, before the Western Conference of Public Service Commissions, which was held in Glacier National Park. I ask unanimous consent that the text of the speech be printed at this point in the RECORD.

There being no objection, the speech was ordered to be printed in the RECORD as follows:

FUTURE NEEDS FOR REA FINANCING

(Remarks of Norman M. Clapp, Administrator, Rural Electrification Administration, before Western Conference of Public Service Commissions, August 29, 1966, Glacier National Park, Mont.)

It is an auspicious occasion when your judgment of public convenience and necessity prompts our joint consideration of the future financing requirements of rural electric and telephone systems. Perhaps it is

long overdue. Although there are differences in our respective public functions we do share a responsibility in the public interest that these vital utility services be made as widely available as possible on as efficient a basis as possible.

And this is no small responsibility to share. In the 11 states represented in your association, from Washington and Oregon to Colorado and New Mexico, it currently involves almost 300 electric and telephone systems presently financed by REA serving approximately 2 million people.

In the REA electric program, 171 systems in this 11-state area will be providing service to 501,000 meters when the construction for which REA financing has already been approved is completed. Demonstrating the practical handicaps of rural electrification is the fact that this requires 174,000 miles of line.

In the newer telephone program, 110 REA borrowers have obtained financing to improve or extend service to 175,000 subscribers over 55,000 route miles of line.

Nationwide between 20 and 25 million people are dependent for service upon electric and telephone facilities provided through REA financing of approximately 1,900 systems. Loans totaling \$6 billion have been made to the rural electric systems of the Nation. Over \$1 billion in REA loans have given new life to the independent rural telephone industry and completely transformed their service capabilities.

In this 11-state area alone the total loans made for both electric and telephone facilities have reached almost \$900 million.

The stalemate which 30 years ago plagued the efforts of rural America to get electric service and the deadly deterioration of existing rural telephone facilities through many years of capital attrition have been dramatically overcome with the aid of two essential equalizers provided by the Federal Government through the REA programs—technical assistance and favorable, low cost financing.

There can be no real question of their success in the past nor their importance in the present. With the application of area feasibility concepts, with heavy reliance upon nonprofit consumer self-service through co-operatively owned and operated systems the combination of REA technical assistance and favorable financing has made a spectacular record.

It brought service to millions of people in the more sparsely settled rural areas where the conventional utilities felt they could not afford to serve with their more conventional patterns of responsibility, operation and financing. And it has been done with a repayment record without parallel.

Out of over \$6 billion advanced in both the electric and telephone programs, our total loss on note repayments has been only \$44,000 over the past 31 years. Of slightly more than 1,800 borrowers today only 5 are in a position of what might be called chronic delinquency, that is, delinquency in payments continuing for more than one year. And we fully expect them to become current as they have an opportunity to work out their special problems.

But the problems of the future are in a sense an outgrowth of the success of the past. The interaction of utility service on people's needs is a dynamic process which goes on from day to day and from year to year. As rural areas have been opened to greater economic activity and development through the extension of reliable electric and communication services, as the standard of living in rural areas has been improved by these vital utility services, the needs for these services have grown too. This in turn inevitably requires greater capital investment and confronts us with steadily rising requirements for new financing.

In deference to the representatives of the National Rural Electric Cooperative Association participating in our discussion here today let me speak particularly of the situation facing us in rural electrification.

The rural systems presently financed by REA are connecting new consumers at the rate of 150,000 a year. The average residential consumption of electricity has doubled within the last ten years and is rising at the rate of 7.1 percent per year.

In the past 31 years, as I have said, we have provided \$6 billion of loan capital to the rural electric systems. To meet the needs of growth we estimate they will need \$8 billion in new capital in the next 14 years. Some of this they will supply from their own margins and reserve funds, but over \$7 billion will be needed from some lending source.

This is an impressive sum, to say the least. Yet these projections of capital needs for the rural systems are not out of line with those of the electric industry as a whole.

According to the Federal Power Commission, investment in electric utility plant by all segments of the electric industry now totals \$70 billion and is expected to reach \$173 billion by 1980. Rural electric systems now have about 7 percent of the total investment in electric utility plant. The addition of \$8 billion to the plant investment of REA-financed rural systems by 1980, as estimated, will still leave their share of the total investment in electric utility plant at the present 7 percent level.

But there is another side to the financing needs of these rural systems which must be considered. Not only must we face the problem of amount of financing needed; we must face the problem of kind of financing needed.

Successful financing must be tailored to fit the purposes for which it is sought. In the rural electrification program our broad purpose has throughout the years been to make it possible to bring the blessings of electricity to rural people and rural areas so that they could enjoy and profit from them just as well as the people in the more easily served urban areas.

To be more specific this means the service must be available on an area coverage basis. It means the service should and must be of a quality and cost comparable to that provided in the urban areas. And it means too that the service should and must be available from sound, stable systems that offer every reasonable assurance of continued future, as well as present, service.

We seek no special advantage for rural consumers from the advantages of REA financing. We seek only comparable service and costs for rural people and rural areas on a par with what their city neighbors enjoy. We seek only an even break for country people, but in the face of the other economic handicaps imposed on rural service, this requires some equalizing advantages wherever available. The terms of the financing available to rural systems have been and will continue to be for most systems a necessary equalizer if these objectives are to be achieved.

The central problem, the basic handicap of rural electric service has been, and still remains, the greater distances which expensive capital facilities must span to reach the people to be served.

The REA-financed electric systems in your area, for example, have only 2.5 consumers per mile of line while the Class A and B commercial power companies in the same 11 states average 34.4 consumers per mile. Because there are fewer people to use and pay for each mile of line constructed, average annual revenues for the rural electric systems are only \$568 per mile, compared with \$7,726 per mile for the urban-based power companies.

Even on a national basis the consumer density of REA-financed systems is only 3.5

per mile of line. Their average annual revenue per mile of line is only \$516 compared with \$7820 per mile for the urban-based companies.

Financing to overcome this handicap and the associated handicaps in the lack of sales volume and lack of load diversity has necessarily required some different standards considered, I know, by many as a departure from the conventional standards of the industry. These special features have included loans without iron-clad equity requirements, interest rates below the industry's prevailing costs of borrowed money, and nonprofit service through consumer-owned cooperatives.

To us in REA it seems clear that it is unrealistic to expect that the greatly accelerating needs of rural electric systems for new capital can be met fully through the present direct loan program of REA. Some way must be found to channel private investment into the rural electrification program in a way that will be consistent with the program's objectives.

It is equally clear from a standpoint of sound public economy that rural systems which can use supplemental financing involving less public assistance should be enabled to do so. We look forward hopefully to the opportunities of developing the basic strength of the rural systems so that the public assistance required to accomplish the purposes of rural electrification can be reduced and the rural systems can move forward to more conventional financing standards of the private money market.

But as we survey the present situation of the rural systems and attempt to forecast their financing needs for the future it is clearly apparent that there still remains the need for some unconventional features in their future financing if we are to achieve the rural service objectives to which we are committed.

The present 2 percent direct loan program of REA needs to be continued to serve the systems still requiring this low interest rate in order to achieve our rural service objectives.

An intermediate rate credit, higher than 2 percent, but lower than market rate financing is desirable for those systems which can afford to pay more than the REA rate but are still not able to go to the full market rate for money without jeopardizing the purposes which they are expected to serve.

The Federal Government needs to stand behind the rural systems in the money market at least for a transitional period if they are to be successful in raising capital from the market in sufficient quantities and at useable rates of interest.

Whatever supplemental financing of this kind is provided needs to be tied closely to the technical assistance of REA and coordinated with the administration of its direct loan program.

There are two schools of thought on rural electrification. One looks upon the rural systems merely as devices to provide stop-gap service for areas the commercial industry does not find sufficiently profitable to serve. According to this thinking, the rural systems serve only at the sufferance of the commercial companies, and whenever a commercial company is willing to serve any consumer or any territory, the REA-financed rural system should retire and leave that consumer or that territory to the commercial company.

If we follow this approach the rural systems will always be left with the leftovers of what was left-over loads and territories to begin with. Their service capabilities as well as their financial capabilities will perpetually be marginal or submarginal. They will be perpetually dependent upon special public assistance.

The other school of thought looks to the strengthening of the rural systems as per-

manent segments of a great and growing industry and as continuing providers of better living and greater opportunity for rural people. It believes that the building of stronger systems will diminish the need for Government assistance, thus providing the true road to sound Government economy in the REA program. It looks to the strengthening of these systems through the basic equalizers of rural area development, territorial protection, cheaper and better wholesale power supply, constantly improving management, and greater flexibility of operational development.

To this end we need to develop a supplemental financing program for rural systems which will not only meet their needs as they grow but help them grow and develop into fully self-sustaining utility systems.

TARIFFS ON PAPERMAKING MACHINERY

Mr. SALTONSTALL. Mr. President, my colleague from Massachusetts [Mr. KENNEDY] yesterday submitted a resolution at the request of the domestic manufacturers of papermaking machinery to urge the President to increase tariffs on these products coming into the United States from other countries. I wish to join him in expressing my own concern for the economic welfare of these companies and their employees.

In the past 2 or 3 years, the papermaking machinery industry has been suffering increasingly as a result of low-cost foreign competition. U.S. imports of machinery for the paper manufacturing industry have increased 211 percent from 1962 to 1965, while U.S. exports declined by 20 percent and the U.S. balance of trade in such machinery declined by 42 percent during the same period. Also, the U.S. share of the world export trade in such machinery declined from 24 percent in 1962 to 17 percent in 1964.

Under the General Agreement on Tariffs and Trade—GATT—tariff concessions are made for 3-year periods and are automatically renewable except where proper advance notice of modification or withdrawal is given. Under article 28, a country can modify or withdraw a concession provided it has, within the 6 months prior to the reviewing date, discussed the matter with other contracting parties in an effort to get them to agree, perhaps making compensatory adjustments in other items so the overall situation will remain in balance. The GATT tariff concessions extend to December 31, 1966, so January 1, 1967, is the first day of the new 3-year period, and the 6 months "open season" for giving notice of intention to modify or withdraw concessions began July 1.

U.S. import duties are the lowest of any supplier of papermaking machinery—the principal foreign supplying nations are two times or more our level and not less than 20 percent more. I understand that the foreign competition in this market is similar to that faced by the cotton textile industry at the time the United States negotiated an international agreement to aid the textile industry. I feel that the United States should restore existing tariff concessions to a level comparable with that

maintained by principal foreign suppliers through duties and frontier taxes, and I hope our representatives in trade negotiations will give careful consideration to the effect of the tariffs on this important industry, which means employment to many Massachusetts citizens.

EXPANSION OF WATER RESOURCES

Mr. MOSS. Mr. President, everyone is talking about our water crisis, but seldom do we hear any really new ideas on what we can do to get more water. However, the Mining and Natural Resources Record, published in Denver, Colo., has now come up with a fresh suggestion in its issue of August 25.

The idea is that the States of the United States which touch the Canadian border, and which are short of water, begin negotiating with the governments of the Canadian Provinces to the north of them to rent or lease some of the water these Provinces have in abundance, and which is going to waste.

As the Senate sponsor of the so-called NAWAPA project, which would provide for the importation of surplus Canadian and Alaskan water on a continent-wide basis, I am naturally interested in this suggestion of individual State-to-Province importation.

I ask unanimous consent that the editorial from the Mining and Natural Resources Record be printed in the Record:

There being no objection, the editorial was ordered to be printed in the Record, as follows:

LET'S START SOMETHING

We wonder what would happen if the governors and legislators of Washington, Idaho, Montana, North Dakota and Minnesota, or even New York or New Hampshire, were to start dickering with the Canadian Provinces to the north of them, to lease or rent water, now going to waste in Canada.

Water resources are a problem in this country. Congress and the national Administration seem more interested in what is happening in far off countries than in their homeland. So if Congress will not act, we see nothing to prevent the states of Montana or North Dakota, for example, from dickering with Canadian Provinces to see what might be done.

Water is becoming so short in this country that we must find additional supplies, and Canada is the best source of that water. Canadian Provinces are more independent of the Canadian Parliament than our States are independent of Congress. So, these Provinces could well negotiate with our States.

True, our States could not make treaties or contracts without the approval of Congress, but no law prevents preliminary negotiations, and Congress might approve. At least why not try it. Canada would like to have additional income with which to buy products from this and other countries. Our States could rent or lease Canadian water for a consideration, and that consideration could give Canada a good part of the money it needs for its own development.

It takes years to build the waterworks, to dig the ditches, and to lay the pipes and install the pumps required to bring additional supplies of water to needy areas of the United States. The time is now.

We must look ahead, not to the next year or five years from now, but 15 and 20 years from now, because it will require that long in some cases to obtain and utilize needed supplies of water for this country.

Incidentally, private corporations are now, and have for some time, been piping petroleum products into the United States from Canada. Why not water?

ELECTIONS IN SOUTH VIETNAM

Mr. BOGGS. Mr. President, it is difficult to imagine elections of any sort being carried out in circumstances more difficult than the present situation in South Vietnam.

When South Vietnamese citizens go to the polls on Sunday to choose a Constitutional Assembly, they will do so with the knowledge that the Vietcong will stop at nothing to discourage the election.

Nevertheless, this election is a good and necessary development in South Vietnam.

Because of the succession of South Vietnamese governments and the question of the degree of support which the central government enjoyed, I called for elections in South Vietnam in January of last year. Admittedly they would have been difficult to hold then, just as they are difficult to hold now. But the benefits of this exercise of the elective process far outweigh the problems involved.

At this point we cannot be sure how effective the Sunday elections will be. We recognize, as I have said, that they are being held under extreme conditions with great personal danger involved for both candidates and voters.

The elections do demonstrate to the world our basic principle for being in Vietnam; namely, to create a stable atmosphere in which the people of South Vietnam can choose their own destiny.

We all hope that Sunday's elections will constitute a firm step forward in the realization of this goal.

IN PRAISE OF SENATOR MANSFIELD AND THE DEMOCRATIC POLICY COMMITTEE

Mr. GRUENING. Mr. President, in today's New York Times, Arthur Krock endorses the action of Senator MANSFIELD and the other members of the Democratic Policy Committee in sponsoring a resolution expressing the sense of the Senate that the President give immediate consideration to the reduction of U.S. military forces in Europe. It also follows the excellent statement on this same subject by Senator SYMINGTON on the floor of the Senate. Mr. Krock points out that the President's charge that the resolution is ill timed follows the standard administration excuse for inaction on other critical matters and that the Senate has the same prerogative under the Constitution to determine the timing of its advice to the President as it has to offer its advice.

Mr. Krock also makes the point that I have made on the floor of the Senate in recent days that the unconcern of our European allies with filling their allotted military quotas creates the paradoxical situation where the United States is more solicitous about their security than they are. Mr. Krock states:

Yet as the downward revisions of NATO have demonstrated, its factor as a deterrent to Communist aggression does not derive from a certain ceiling or a floor in the number of its armed forces. The original goal was 76 divisions; this was lowered to thirty, and an informed estimate of the current hard product in Europe is about 25 . . .

These statistics alone make a strong case for reduction of the United States contribution. The new technology of war and our pressing national priorities make it even stronger.

I ask unanimous consent that Mr. Krock's article in the September 8, 1966, New York Times be printed at the conclusion of my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

IN THE NATION: THE SENATE'S DUTY TO ADVISE

(By Arthur Krock)

WASHINGTON, September 7.—When thirteen influential Senators sponsored a resolution expressing the "sense of the Senate" that the President give immediate consideration to the reduction of United States military forces in Europe, they were, as Majority Leader MANSFIELD noted today, proposing "a sober exercise of the Senate's responsibility" under the Constitution. This is to "advise" the President on issues arising out of treaties, which he cannot "make" in the first place without the Senate's "consent."

AN EXCUSE FOR INACTION

One of the President's objections to the proposed resolution is that it is "ill-timed." This might have more weight with the proponents of the declaration, and the large segment of public opinion they believe they reflect, had it not become a standard Administration excuse for inaction on other critical situations—such as the mounting inflation in the United States. But, this factor aside, the Constitution invests the Senate with the same prerogative to determine the time when it shall "advise" the President with respect to a treaty matter that it grants to the President to make the opposite determination (and to disregard the advice).

By placing the resolution on the Senate calendar today, Senator MANSFIELD blocked the immediate consideration the Administration sought, a nose-count having assured it would be quashed by an emphatic majority. Probably that will be its ultimate fate anyhow, because, with this nation at war in Vietnam, and the emasculation of NATO strength by the virtual withdrawal of France, President Johnson is in a stronger position than the sponsors of the resolution to influence the Senate. But this does not diminish the justifications for submitting the proposition, and at this time.

ALTERED SITUATION

As Senator MANSFIELD pointed out to his colleagues today, the statesmen and people of Western Europe no longer envisage the type of aggression by the U.S.S.R. that the armed forces of NATO were assembled to deter. Moreover, only West Germany has come near to matching the United States in meeting its military commitment. Although the technology of modern warfare exposes other members to attack only a few minutes after missiles could fall on West Germany, their unconcern with filling their allotted quotas creates the paradoxical situation where the United States is more solicitous about their security than they are.

The growing costs of the war in Southeast Asia, which include the establishment of second-line bastions, as in Thailand postpone the day when United States foreign expenditures will come into balance with

dollars earned abroad. But when the costs are added of maintaining the commitment to NATO of our armed forces and other dependents, the time when the account will balance recedes even more distantly into the future. And the more distant that day, the greater this particular peril among the several others that threaten the stability of the American dollar.

Nevertheless, every suggestion for a reduction of our NATO forces in realistic proportion to changed international and military conditions, and to sound United States priorities, continues to be met with the objection that "this is not the time." And, although the U.S.S.R. has repeatedly retreated from hints it would consider a concurrent reduction of its European garrison, some Senators disposed to approve the resolution were drawn off by official intimations that its adoption by the Senate would foreclose a generally invisible prospect of Russian cooperation.

DIVISIONS AS DETERRENTS

Yet, as the downward revisions of NATO have demonstrated, its factor as a deterrent to Communist aggression does not derive from a certain ceiling or a floor in the number of its armed forces. The original goal was 76 divisions; this was soon lowered to thirty, and an informed estimate of the current hard product in Western Europe is about 25, made up as follows: United Kingdom, 3; France, 2 (to be withdrawn shortly); Belgium, 2; the Netherlands, 2; Canada, 1 (a brigade of divisional framework); United States, 6; and West Germany, 9. Meanwhile, the United Kingdom is seriously considering the reduction of its complement unless West Germany assumes more of the cost of the occupation.

These statistics alone make a strong case for reduction of the United States contribution. The new technology of war and our pressing national priorities make it even stronger.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had severally agreed to the amendment of the Senate to the following bills of the House:

H.R. 1066. An act to amend section 11-1701 of the District of Columbia Code to increase the retirement salaries of certain retired judges;

H.R. 8058. An act to amend section 4 of the District of Columbia Income and Franchise Tax Act of 1947;

H.R. 10823. An act relating to credit life insurance and credit health and accident insurance with respect to student loans;

H.R. 11087. An act to amend the District of Columbia Income and Franchise Tax Act of 1947, as amended, and the District of Columbia Business Corporation Act, as amended, with respect to certain foreign corporations; and

H.R. 14205. An act to declare the Old Georgetown Market a historic landmark and to require its preservation and continued use as a public market, and for other purposes.

The message also announced that the House had agreed to the amendments of the Senate to the amendments of the House to the bill (S. 2263) to establish a traffic branch of the District of Columbia court of general sessions and to provide for the appointment to such court of five additional judges.

The message further announced that the House had passed the following bills,

in which it requested the concurrence of the Senate:

H.R. 6958. An act to amend the Internal Revenue Code of 1954 to promote savings under the Internal Revenue Service's automatic data processing system;

H.R. 9332. An act to provide for guaranty and insurance of loans to Indians and Indian organizations;

H.R. 15244. An act to authorize the Secretary of the Army to adjust the legislative jurisdiction exercised by the United States over lands within Camp Atterbury, Ind.; and

H.R. 16813. An act to transfer to the Atomic Energy Commission complete administrative control of approximately 78 acres of public domain land located in the Otowi section near Los Alamos County.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 13712) to amend the Fair Labor Standards Act of 1938 to extend its protection to additional employees, to raise the minimum wage, and for other purposes.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills and joint resolution:

S. 112. An act to amend the Consolidated Farmers Home Administration Act of 1961 to authorize loans by the Secretary of Agriculture on leasehold interests in Hawaii, and for other purposes;

S. 254. An act to authorize the Secretary of the Interior to construct, operate, and maintain the Tualatin Federal reclamation project, Oregon, and for other purposes;

S. 1684. An act to direct the Secretary of the Interior to adjudicate a claim to certain land in Marengo County, Ala.;

S. 2366. An act to repeal certain provisions of the act of January 21, 1929 (45 Stat. 1001), as amended;

S. 2747. An act to authorize conclusion of an agreement with Mexico for joint measures for solution of the lower Rio Grande salinity problem;

S. 3354. An act to amend the law establishing the revolving fund for expert assistance loans to Indian tribes;

S. 3576. An act to amend section 2241 of title 28, United States Code, with respect to the jurisdiction and venue of applications for writs of habeas corpus by persons in custody under judgments and sentences of State courts;

H.R. 1066. An act to amend section 11-1701 of the District of Columbia Code to increase the retirement salaries of certain retired judges;

H.R. 8058. An act to amend section 4 of the District of Columbia Income and Franchise Tax Act of 1947;

H.R. 10823. An act relating to credit life insurance and credit health and accident insurance with respect to student loans;

H.R. 11087. An act to amend the District of Columbia Income and Franchise Tax Act of 1947, as amended, and the District of Columbia Business Corporation Act, as amended, with respect to certain foreign corporations;

H.R. 14205. An act to declare the Old Georgetown Market a historic landmark and to require its preservation and continued use as a public market, and for other purposes;

H.R. 14379. An act for the relief of John R. McKinney;

H.R. 15750. An act to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes; and

S.J. Res. 178. Joint resolution to delete the interest rate limitation on debentures issued to Federal intermediate credit banks.

HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred as indicated:

H.R. 6958. An act to amend the Internal Revenue Code of 1954 to promote savings under the Internal Revenue Service's automatic data processing system; to the Committee on Finance.

H.R. 9332. An act to provide for guaranty and insurance of loans to Indians and Indian organizations; and

H.R. 16813. An act to transfer to the Atomic Energy Commission complete administrative control of approximately 78 acres of public domain land located in the Otowi section near Los Alamos County; to the Committee on Interior and Insular Affairs.

H.R. 15244. An act to authorize the Secretary of the Army to adjust the legislative jurisdiction exercised by the United States over lands within Camp Atterbury, Ind.; to the Committee on Armed Services.

CALL OF THE CALENDAR

Mr. HART. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of unobjected-to items on the calendar, but not to include the unfinished business. The items on the calendar that this request covers are Nos. 1552, 1554, and 1555.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Michigan? The Chair hears none, and it is so ordered.

KINZUA DAM AND ALLEGHENY RESERVOIR, PENNSYLVANIA AND NEW YORK

Mr. HART. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 1552, S. 3625.

The PRESIDING OFFICER. The bill will be stated by title.

The ASSISTANT LEGISLATIVE CLERK. A bill, S. 3625, to designate the dam being constructed on the Allegheny River, Pa., as the "Kinzu Dam" and the lake to be formed by such dam in Pennsylvania and New York as the "Allegheny Reservoir."

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which was ordered to be engrossed for a third reading, was read the third time, and passed, as follows:

S. 3625.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the dam being constructed by the Corps of Engineers, United States Army, on the Allegheny River in Warren County, Pennsylvania, authorized by the Flood Control Act of June 22, 1936 (Public Law 74-738), shall be known and designated hereafter as the "Kinzu Dam", and the lake formed by such dam in Warren and McKean Counties, Pennsylvania, and Cattaraugus County, New York, shall be

known and designated as "Allegheny Reservoir".

Sec. 2. Any law, regulation, document, or record of the United States in which such dam and reservoir are designated or referred to shall be held to refer to such dam and reservoir under and by the names of "Kinzu Dam", and "Allegheny Reservoir".

AMENDMENT OF LAW ESTABLISHING THE INDIAN REVOLVING LOAN FUND

Mr. HART. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 1554, H.R. 9323.

The PRESIDING OFFICER. The bill will be stated by title.

The ASSISTANT LEGISLATIVE CLERK. A bill (H.R. 9323) to amend the law establishing the Indian revolving loan fund.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. HART. Mr. President, I move to strike out all after the enacting clause, and to substitute therefor the text of Senate bill 2196, as reported.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. HART. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and the amendment will be printed in the Record at this point.

The amendment is as follows:

That (a) the appropriation authorization in section 10 of the Act of June 18, 1934 (48 Stat. 986), as amended by the Act of September 15, 1961 (75 Stat. 520), is hereby amended by increasing it from \$20,000,000 to \$55,000,000.

(b) All funds that are now or hereafter a part of the revolving fund authorized by the Act of June 18, 1934 (48 Stat. 986), the Act of June 26, 1936 (49 Stat. 1968), and the Act of April 19, 1950 (64 Stat. 44), as amended and supplemented, including sums received in settlement of debts of livestock pursuant to the Act of May 24, 1950 (64 Stat. 190), and sums collected in repayment of loans heretofore or hereafter made, shall hereafter be administered as a single revolving loan fund and shall be available for loans to organizations of Indians, Eskimos, and Aleuts (hereinafter referred to as Indians), having a form of organization that is satisfactory to the Secretary of the Interior (hereinafter referred to as the Secretary), and to individual Indians of one-quarter degree or more of Indian blood who are not members of or eligible for membership in an organization that is making loans to its members, for any purpose that will promote the economic development of such organizations and their members, or the individual Indian borrowers.

(c) Loans shall be made only when in the judgment of the Secretary there is a reasonable prospect of repayment, and only to applicants who in the opinion of the Secretary are unable to obtain financing from other sources on reasonable terms and conditions. Indian tribes that have available funds on deposit in the United States Treasury or elsewhere, or funds accruing from income, shall be required to use their own funds before a loan may be made pursuant to this

section. Expenses of administering loans may be paid out of the revolving loan fund to the extent deemed desirable by the Secretary.

(d) Loans made pursuant to this section shall be for terms that do not exceed thirty years and shall bear interest at a rate not less than (i) a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans, adjusted to the nearest one-eighth of 1 per centum, plus (ii) such additional charge, if any, toward covering other costs of the program as the Secretary may determine to be consistent with its purposes: *Provided*, That where the Secretary determines that necessary assistance cannot be provided at such rate the rate may be reduced by not to exceed 2 per centum per annum: *Provided further*, That educational loans may provide for no interest while the borrower is in school or in the military service. The Secretary shall pay from the fund into miscellaneous receipts of the Treasury, at the close of each fiscal year, interest on the cumulative amount of appropriations, and of sums received in settlement of debts on livestock pursuant to the Act of May 24, 1950 (64 Stat. 190), available as capital to the fund, less (a) the average undisbursed cash balance in the fund during the year, and (b) the amounts of any loans that are canceled or adjusted. The rate of such interest shall be determined by the Secretary of the Treasury, taking into consideration the average market yield during the month preceding each fiscal year on outstanding Treasury obligations of maturity comparative to the average maturity of loans made from the fund. Interest payments may be deferred with the approval of the Secretary of the Treasury, but any interest payments so deferred shall themselves bear interest. The Secretary may cancel or adjust any outstanding loan which he determines is uncollectible or collectible only at an unreasonable cost when such action would in his opinion be in the best interests of the United States.

(e) Title to any land purchased by a tribe or by an individual Indian with loans made pursuant to this section shall be taken in the form prescribed in section 6(d) of this Act. Title to any personal property purchased with loans made pursuant to this section shall be taken in the name of the purchaser.

(f) Title to property purchased with a loan made pursuant to this section shall be pledged or mortgaged to the lender as security for the unpaid indebtedness to the lender, in such manner and upon such terms as may be prescribed by the Secretary: *Provided*, That this requirement may be waived or modified if the Secretary determines that the repayment of the loan is otherwise reasonably assured.

(g) An organization receiving a loan made pursuant to this section shall be required to assign to the United States as security for the loan all securities acquired in connection with the loan made to its members from such funds, unless the Secretary determines that the repayment of the loan to the United States is otherwise reasonably assured.

(h) A loan made pursuant to this section that becomes delinquent, and the interest thereon, may be collected by the Secretary from per capita payments or other distributions of tribal assets due the delinquent borrower, without prejudice to the right to foreclose on the securities for the loan. If during the period of repayment a tribe is awarded a money judgment against the United States, and if the payment of any installment on a loan is in default, the installment(s) in default, or the balance of the

loan in the discretion of the Secretary, shall be collected from the appropriation to satisfy the judgment insofar as the amount of the appropriation will cover the same.

Sec. 2. (a) The owners of not less than a 50 per centum interest in any land, where ten or fewer persons own undivided interests, or the owners of not less than a 25 per centum interest in any land, where eleven or more persons own undivided interests, and where all of the undivided interests are in a trust or restricted status, may request the Secretary, and the Secretary is hereby authorized, to partition the land in kind, or to partition part of the land in kind and sell the remainder, or to sell the land if partition is not practicable: *Provided*, That no partition or sale under any provisions of this Act shall be authorized unless the Secretary finds it to be in the best interests of the Indian owners and not detrimental to the Indian tribe.

(b) When any of the undivided interests in a tract of land are in an unrestricted status, the owners of not less than a 50 per centum interest in the remaining undivided trust or restricted interests, where ten or fewer persons own such undivided interests, or the owners of not less than a 25 per centum interest in the remaining undivided trust or restricted interests, where eleven or more own such undivided interests, may request the Secretary, and the Secretary is hereby authorized, to sell all trust or restricted interests. The Secretary may also partition the land in kind, partition part of the land in kind and sell the remainder, or sell all interests if authorized to partition or sell the unrestricted interests by a power of attorney from the owner of the unrestricted interests.

Sec. 3 (a) Whenever the Secretary, after receiving a request to partition or sell any tract of land under subsection (b) of section 2 of this Act, is unable after due effort to obtain the approval of any owner of an unrestricted interest in such tract, he shall, upon application of the persons making the foregoing request, consent to judicial partition or sale of such tract. Where such consent is granted, jurisdiction is hereby conferred upon the United States district court for the district in which the land, or any part thereof, is located to hear and determine the partition or sale proceedings and to render judgment for partition in kind or judicial sale in accordance with the law of the State wherein the lands are situated. The United States shall be an indispensable party to any such proceeding and absent defendants may be served as provided in section 1655 of title 28, United States Code. The proceeds of sale of the trust or restricted interests shall be paid to the Secretary for distribution unless he waives this requirement as to any of the owners thereof. If the land so partitioned or sold is acquired by an individual Indian or an Indian tribe, title thereto shall be taken in the manner prescribed in subsection 6(d) of this Act.

(b) The owners of undivided Indian interests or the tribe shall have a right to purchase the property being partitioned or sold, or any part thereof, at its appraised value unless one of the owners objects within a time to be fixed by the court. In the event two or more rights of preference are exercised for the same land, or in the event there is objection by an owner, the court shall order the land sold at sealed bids or at public auction with the right in the tribe or any Indian owner who has previously exercised his right to preference to meet the high bid: *Provided*, That if two or more elect to meet the high bid there shall be a further auction between them and the property shall be sold to the highest bidder. At a sale held pursuant to this subsection, all bids of less than 75 per centum of the appraised value of the land shall be rejected.

Sec. 4. Any trust interest in oil, gas, or other minerals that may be reserved to an Indian owner in any sale of land made pursuant to this Act may be reserved in a trust status. No sale made under this Act shall include any mineral estate that has been reserved to any Indian tribe by any provision of law.

Sec. 5. For the purposes of this Act, the Secretary is authorized to represent any Indian owner (1) who is a minor, (2) who has been adjudicated non compos mentis, (3) whose ownership interest in a decedent's estate has not been determined, or (4) who cannot be located by the Secretary after a reasonable and diligent search and the giving of notice by publication.

Sec. 6. The Secretary shall give actual notice or notice by publication and provide an opportunity for a hearing before partitioning in kind or selling land, or before consenting to judicial partition or sale pursuant to this Act. All sales of lands made by the Secretary pursuant to this Act shall be in accordance with the following procedure:

(a) Upon receipt of requests from the required ownership interests, the Secretary shall notify the tribe and each owner of an undivided Indian interest in the land by a registered letter directed to his last known address that each such owner and the tribe has a right to purchase the land for its appraised value, unless one of the owners or his authorized representative objects within the time fixed by the Secretary, or for a lower price if all the owners agree: *Provided*, That if more than one owner or if one or more owners and the tribe want to purchase the land it will be sold on the basis of sealed competitive bids restricted to the owners of undivided interests in the land and the tribe unless one of the owners or his authorized representative objects within the time fixed by the Secretary. All competitive bids of less than 75 per centum of the appraised value of the land shall be rejected.

(b) If any Indian owner or his authorized representative objects to a competitive sale restricted to the owners of undivided interests and the tribe, the Secretary shall offer the land for public sale by sealed competitive bid with a preferential right in the tribe or any Indian owner to meet the high bid, unless one of the Indian owners or his authorized representative objects within the time fixed by the Secretary. All such bids of less than 75 per centum of the appraised value of the land shall be rejected.

(c) If any Indian owner or his authorized representative objects to an offer of public sale by sealed competitive bid with a preferential right to meet the high bid, or if two or more preference rights are asserted under subsection (b) of this section, the Secretary shall offer the land for sale by sealed bids: *Provided*, That, after legal notice to all interested parties including the tribe, the land shall be sold at auction immediately after the opening of the sealed bids, and auction bidding shall be limited to the Indian owners, the tribe, and persons who submitted sealed bids in amounts not less than 75 per centum of the appraised value of the land. The highest sealed bid shall be considered the opening auction bid. No sale shall be made unless the price is equal to or higher than the highest sealed bid: *Provided further*, That the term "appraised value" as used in this Act shall mean the current appraised value of the land, said appraisal to be not more than one year old.

(d) Title to any land acquired by a tribe or an individual Indian pursuant to this Act may be taken in trust unless the land is located outside the boundaries of the reservation or approved tribal consolidation area. Title to any land acquired by a tribe or an individual Indian that is outside the boundaries of the reservation or approved consolidation area may be taken in trust if the purchaser was the owner of trust or re-

stricted interests in the land before the purchase or partition, otherwise title shall be taken in the name of the purchaser without any restriction on alienation, control, or use.

Sec. 7. (a) In order to assist tribes and individual Indians who wish to purchase land offered for sale under the provisions of this Act, the Secretary is authorized to make loans from the revolving fund referred to in section 1 of this Act, and in accordance with the following requirements:

(b) Before a loan is made to a tribe under this Act for the purchase of land, the tribe shall submit for the approval of the Secretary a plan for the use of all lands to be purchased and lands presently owned. No plan shall be considered by the Secretary unless it has been first considered and acted upon favorably by a majority vote of the duly authorized governing body of the tribe, or in the absence of such a governing body, by a majority vote at a general meeting of tribal members called for that purpose upon due notice to all adult members of the tribe. Any tribe preparing a plan may call upon the Secretary for technical assistance, and the Secretary shall render such assistance as may be necessary. Such plan shall include provisions for consolidation of holdings of the tribe, or acquisition of sufficient lands in conjunction with those held to permit reasonable economic utilization of the land and repayment of the loan. Such plan may be revised from time to time with the approval of the Secretary.

Sec. 8. (a) Any tribe that adopts with the approval of the Secretary a plan pursuant to subsection 7(b) of this Act, or any other plan that does not involve a loan from the United States but which provides for the consolidation, management, use, or disposition of tribal land, is hereby authorized, with the approval of the Secretary, notwithstanding any other provision of law, subject to the provisions of the tribal constitution, if any, to sell or encumber any tribal land or other property in furtherance of such plan.

(b) Tribal land in trust or restricted status, including land acquired by a tribe pursuant to this Act may, with the approval of the Secretary, be—

(1) sold in trust status to individual tribal members, or

(2) exchanged in trust status for lands within the reservation or approved tribal consolidation area which are held by individual tribal members or other Indians in trust or restricted status, for the purpose of effecting consolidations of land or aiding individual tribal members to acquire economic units or homesites.

Sec. 9. This Act shall not repeal any authority of the Secretary under other law, but it shall supersede any limitation on the authority of the Secretary that is inconsistent with this Act. This Act shall not repeal the laws heretofore enacted with respect to the procedure for disposing of or partitioning lands belonging to members of the Five Civilized Tribes of Oklahoma and the Osage Tribe, and this Act shall not apply to any interest in land which is subject to a restriction imposed by such laws.

Sec. 10. The Secretary is authorized to execute such patents, deeds, orders, or other instruments as may be necessary or appropriate to carry out the provisions of this Act.

Sec. 11. The terms "owner" and "owners" as used herein include, wherever applicable, any tribe, band, group, community, or pueblo of Indians, Eskimos, or Aleuts, and also include any federally chartered organization of Indians, Eskimos, or Aleuts.

Sec. 12. (a) Sections 2 through 9 of this Act shall become effective one year after the date of enactment.

(b) The Secretary shall, prior to the effective date of sections 2 through 9 of this Act, notify by publication Indian tribes and owners of undivided interests in Indian trust or

restricted land, of the rights of such tribe or owners under this Act.

Sec. 13. (a) The Secretary shall, prior to the conclusion of any probate proceeding conducted on or after the effective date of sections 2 through 9 of this Act, notify each heir or devisee having an interest in such proceedings, by actual notice or notice by publication, of his rights under this Act.

(b) Beginning one year after the effective date of sections 2 through 9 of this Act, the Secretary shall submit an annual report to Congress setting forth the progress made in the preceding year in carrying out the purposes of this Act.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed.

The title was amended so as to read: "A bill relating to the Indian revolving loan fund and the Indian heirship land problem."

The PRESIDING OFFICER. Without objection, S. 2196 will be indefinitely postponed.

TERMINATION OF EXISTENCE OF INDIAN CLAIMS COMMISSION

Mr. HART. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 1555, House bill 5392.

The PRESIDING OFFICER. The bill will be stated by title.

The ASSISTANT LEGISLATIVE CLERK. A bill (H.R. 5392) to terminate the existence of the Indian Claims Commission, and for other purposes.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. HART. Mr. President, I move to strike out all after the enacting clause and to substitute therefor the text of Senate bill S. 3068, as reported.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. HART. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objections, the amendment will be printed in the RECORD at this point.

The amendment is as follows:

That the Indian Claims Commission Act, approved August 13, 1946 (60 Stat. 1049, 1055), is hereby amended as follows:

(a) After section 26, add a new section 27 to read:

"Sec. 27. (a) The Commission shall, as expeditiously as practical following the date of enactment of this section, set a day no later than January 1, 1969, for the trial of each claim pending before the Commission which, on such date of enactment, has not been set for trial.

"(b) If a claimant is unable or unwilling to proceed with the trial of its claim on the day set for that purpose, the Commission shall enter an order dismissing the claim with

prejudice: *Provided*, That, upon motion of the claimant and for good cause shown, the Commission may grant a continuance of the trial of the claim for not more than six months. If, at the expiration of such period of continuance, the claimant is unable or unwilling to proceed with the trial on its claim, the Commission shall enter an order dismissing the claim with prejudice: *Provided, however*, That the Commission may stay the entry of such order of dismissal if the Commission finds that a final compromise of the claim is being negotiated in good faith by the parties. An order of the Commission dismissing a claim under this section shall be final and not subject to review by any court. The Court of Claims shall not have jurisdiction to hear or determine any action upon any claim which has been dismissed by the Commission under this section."

(b) Amend section 23 to read:

"Sec. 23. The existence of the Commission shall terminate at the end of five years from and after April 10, 1967, or at such earlier time as the Commission shall have made its final report to the Congress on all claims filed with it. Upon its dissolution the records of the Commission shall be delivered to the Archivist of the United States."

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed.

The title was amended so as to read: "A bill to amend the Indian Claims Commission Act of 1946, as amended."

The PRESIDING OFFICER. Without objection, S. 3068 will be indefinitely postponed.

AMENDMENT OF THE CIVIL SERVICE RETIREMENT ACT REGARDING INEQUITY IN APPLICATION OF SUCH ACT WITH RESPECT TO THE U.S. BOTANIC GARDEN

Mr. MANSFIELD. Mr. President, I ask unanimous consent, with the concurrence of the distinguished Senator from South Carolina [Mr. THURMOND], that the Senate turn to the consideration of Calendar No. 1453, H.R. 6686.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (H.R. 6686) to amend the Civil Service Retirement Act in order to correct an inequity in the application of such act with respect to the U.S. Botanic Garden, and for other purposes.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana?

There being no objection, the Senate proceeded to consider the bill.

The PRESIDING OFFICER. The bill is open to amendment.

If there be no amendment to be proposed, the question is on the third reading of the bill.

The bill (H.R. 6686) was ordered to a third reading, read the third time, and passed.

Mr. MANSFIELD. Mr. President, this matter was discussed in the policy committee on a number of occasions. As the

committee report points out, this is the last group working directly under the supervision of Congress, in this case the Architect of the Capitol, that was not included. It was an oversight that they were not included. This is not to be taken as a precedent with respect to any other group. I want to make that very clear.

I ask unanimous consent that a statement covering this bill be inserted in the RECORD at this point.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

PURPOSE

This legislation would amend the Civil Service Retirement Act to extend to employees of the U.S. Botanic Garden the formula used in computing the annuities of employees of the Senate, the House of Representatives, and the Office of the Architect of the Capitol.

STATEMENT

Under existing law, civil service annuities are usually computed on a percentage formula of 1.5 percent of the high-five average salary for the first 5 years of Federal service, 1.75 percent for the next 5 years, and 2 percent for any years of service in excess of 10 years. Employees of the Senate, the House of Representatives, and the Office of the Architect of the Capitol are subject to a more liberal computation because there is no tenure or status attached to their positions. The formula used for computing their annuities is 2.5 percent for the first 15 years' service and 2 percent for any service in excess of 15 years.

In 1964, Congress enacted Public Law 88-267, extending the congressional employee formula, then restricted to employees of the Senate and House, to employees of the Architect of the Capitol.

Subsequent to the enactment of Public Law 88-267, the committee ascertained that the employees of the garden were not included in that legislation because they are legally under the jurisdiction of the Joint Committee on the Library of Congress. Since 1934, they have been generally subject to the administration and control of the Architect of the Capitol who serves as the Acting Director of the Botanic Garden. Public Law 88-267 did not extend to the employees of the garden.

The duties and functions of the garden and its employees are directed entirely to Congress. All floral arrangements, office decorations, and plantings in the Capitol and its surrounding office buildings are supplied and maintained by the garden. None of their activity is for the benefit of agencies of the executive branch.

The committee believes that it is fair and equitable to extend the congressional employee retirement formula to the employees of the garden. They are appointed by the Architect and do not have civil service tenure or status. Their relationship to the Congress is as close as is the relationship of the employees of the Architect of the Capitol.

COST

The Civil Service Commission estimates that extending the more liberal retirement formula to all 52 employees of the Botanic Garden would cost \$16,800 annually and would increase the unfunded liability of the civil service retirement and disability fund by \$212,000.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

Mr. THURMOND. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk called the roll, and the following Senators answered to their names:

[No. 249 Leg.]

Bass	Gruening	Neuberger
Bayh	Hart	Proxmire
Boggs	Holland	Randolph
Brewster	Inouye	Ribicoff
Burdick	Jackson	Russell, Ga.
Byrd, Va.	Kennedy, Mass.	Saltonstall
Carlson	Kuchel	Sparkman
Domnick	Lausche	Symington
Griffin	Mansfield	Thurmond

The PRESIDING OFFICER. A quorum is not present.

Mr. JACKSON. Mr. President, I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Washington.

The motion was agreed to.

The PRESIDING OFFICER. The Sergeant at Arms will execute the order of the Senate.

After a little delay, the following Senators entered the Chamber and answered to their names:

Anderson	McGovern	Prouty
Case	Miller	Robertson
Clark	Mondale	Scott
Dirksen	Monroney	Smith
Dodd	Moss	Talmadge
Hill	Mundt	Williams, N.J.
Long, Mo.	Nelson	Yarborough
McCarthy	Pastore	Young, N. Dak.
McGee	Pell	

The PRESIDING OFFICER. A quorum is present.

Mr. THURMOND. Mr. President—

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. HART. Mr. President, will the Senator yield on condition that he not lose the floor or be charged with a second speech?

Mr. THURMOND. Mr. President, I shall be pleased to yield to the distinguished Senator from Michigan, without losing my right to the floor, and with the understanding that upon my resumption it not be considered a second speech on this subject on the same legislative day.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

EXECUTIVE SESSION

Mr. HART. Mr. President, I ask unanimous consent that the Senate go into executive session.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider executive business.

EXECUTIVE REPORTS OF COMMITTEES

The following favorable reports of nominations were submitted:

By Mr. JACKSON, from the Committee on Interior and Insular Affairs:

Charles F. Luce, of Washington, to be Under Secretary of the Interior.

By Mr. MONRONEY, from the Committee on Commerce:

John A. Carver, Jr., of Idaho, to be a member of the Federal Power Commission.

By Mr. STENNIS, from the Committee on Armed Services:

Gen. Paul DeWitt Adams, Army of the United States (major general, U.S. Army), to be placed on the retired list in the grade of general; and

Rear Adm. Allen M. Shinn, U.S. Navy, for commands and other duties determined by the President, for appointment to the grade of vice admiral while so serving.

UNDER SECRETARY OF THE INTERIOR

Mr. HART. Mr. President, I ask unanimous consent that the Senate proceed to consider a nomination reported favorably earlier today by the Committee on Interior and Insular Affairs.

The PRESIDING OFFICER. The nomination will be stated.

The legislative clerk read the nomination of Charles F. Luce, of Washington, to be Under Secretary of the Interior.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

Mr. HART. I ask that the President be notified of the confirmation of the nomination.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. HART. Mr. President, I ask unanimous consent that the Senate return to legislative session.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate resumed the consideration of legislative business.

Mr. HART. Mr. President, I thank the Senator from South Carolina for yielding.

CIVIL RIGHTS ACT OF 1966

The Senate resumed the consideration of the motion of the Senator from Michigan [Mr. HART] to proceed to the consideration of the bill (H.R. 14765) to assure nondiscrimination in Federal and State jury selection and service, to facilitate the desegregation of public education and other public facilities, to provide judicial relief against discriminatory housing practices, to prescribe penalties for certain acts of violence or intimidation, and for other purposes.

Mr. THURMOND. Mr. President, at the outset may I say that the bill which is now the subject of the motion to take up is undoubtedly one of the most vicious, vindictive, politically inspired measures to be forced upon Congress since the founding of the Republic. Many of its provisions amount to no less than a frontal assault upon the Constitution of the United States, and not just an end run around it, as is usually the practice in proposals of this nature.

If this bill were to be passed, the constitutional right and inherent prerogative of an individual to purchase, own, dispose of, and enjoy property as he sees fit would be denied. Although that par-

ticular section of the bill has received the most notoriety, there are other provisions which are equally obnoxious and unconstitutional, and would have an equally dire effect upon our constitutional Federal Republic.

Mr. President, the frequency with which the Senate has been asked to consider and pass so-called civil rights proposals in recent years has been exceeded only by the vindictiveness, unconstitutionality, and arbitrariness of the provisions of these proposals. The legislative favoritism sought to be established for one class of our citizens by the provisions of these proposals has been matched, if not exceeded, by the procedural favoritism lavished upon these bills. No other general category of legislation has been received and considered so out of order of the normal legislative processes as have so-called civil rights proposals. The unconscionable and preferential treatment granted to so-called civil rights proposals threatens to make a shambles of the ordinary legislative processes which have grown up over time and have been proved by experience to be necessary if legislative proposals are to be subjected to the scrutiny and consideration that is generally agreed to be necessary in order to insure fair and even-handed treatment of all involved.

In the normal course of events, when a legislative proposal is passed in the first instance by the other body and sent to the Senate, it is referred to the appropriate Senate committee as a routine matter. This practice was begun so long ago that hardly anyone can recall when it was originally started, but it has stood the test of time and there have been no outraged outcries that the general practice should be scrapped.

Nevertheless, Mr. President, it has been scrapped, at least as it applies to the so-called civil rights legislation. A whole new body of procedural processes has been formulated and seems to have its application only to legislation of this type. The pending bill is no exception. The House of Representatives passed H.R. 14765 on August 9 of this year. The bill was received and read the first time in the Senate on August 11, 2 days after the House adopted it. Had this been ordinary legislation it would have on that day been referred to the Senate Judiciary Committee for that committee to work its will. However, when the bill was delivered to the Senate by the Clerk from the House of Representatives and read the first time, the majority leader stated his intention of objecting to further proceedings after second reading of the bill so as to have the bill remain on the Senate Calendar without reference to the Senate Judiciary Committee. On the following day, August 12, 1966, after second reading of the bill, objection was heard to further proceeding on the bill, a procedure which served only to bypass referral to committee.

Therefore, Mr. President, the House-passed bill has languished on the Senate Calendar, with all its eight titles, from August 12 to September 6, a period of almost 1 month. Needless to say, this period of time could have been used to conduct hearings and executive sessions

on the provisions of the House-passed bill as they differ from the bill which was originally introduced and has been pending before the Constitutional Rights Subcommittee of the Senate Judiciary Committee since its introduction in the Senate. The normal legislative procedure was rejected, however, in favor of the simple expedient of denying the reference of the bill to the committee for reasons best known, and perhaps only known, to the proponents of the bill, who forced this turn of events.

In the meantime, the Constitutional Rights Subcommittee of the Senate Judiciary Committee has continued to work diligently on the bill as originally introduced and has now, by a narrow margin, reported a bill to the full Senate Judiciary Committee. Under normal procedures, the Senate Judiciary Committee would now schedule executive sessions to consider the bill which was reported by the Subcommittee on Constitutional Rights. Since the leadership has decided to bypass the Senate Judiciary Committee entirely, it may be that the full Judiciary Committee will consider executive sessions on that bill to be an exercise in futility.

One of the principal reasons given to justify the procedure resorted to in placing the House-passed bill on the Senate Calendar without reference to committee is the contention that referring it to committee would be tantamount to burying it forever. Admittedly, this has happened in the past, not only to so-called civil rights proposals, but to many other House-passed proposals which have not been favored by a majority of the committee to which the bill was referred. However, there is every evidence that this could not be the case with civil rights bills, considering the present complement in the Senate Judiciary Committee. A simple nose count reveals that a majority of the members of the Senate Judiciary Committee are favorable toward legislation which sails under the general heading of civil rights. The very fact that the Constitutional Rights Subcommittee voted to report a bill to the full Judiciary Committee, even though it was by a small majority, reaffirms this observation.

One would be justified in asking, What then was gained by denying the Senate Judiciary Committee, and its duly appointed subcommittee, to consider H.R. 14765? I am frank to admit that I can see nothing which was gained by this maneuver. I can, however, see that much was lost by refusing to give the Senate Judiciary Committee and the Constitutional Rights Subcommittee the authority and the jurisdiction to act formally on this proposal. First and foremost among those attributes of the U.S. Senate which stands in jeopardy as a result of constant resort to this procedure is the threat of losing the confidence of the American people. The Senate has long been billed, and rightfully so, as the most deliberative legislative body in the world. Part and parcel of this deliberation is the committee system. Time and time again the futility of attempting to draft and redraft legislation on the floor of the Senate has

been shown. While the Senate itself, assembled together in the Chamber is a court of last resort for legislative proposals either adopted or rejected by committee, the spadework must be performed in committee. That is the purpose of the committee system. If that purpose is to be denied, then it should be denied as to all legislation and not just as to a select category of legislation.

Mr. President, the bill originally introduced at the request of the administration in both Houses of Congress consisted of six titles. Title I dealt with jury selection procedures in Federal courts. Title II dealt with jury selection procedures in the State courts. Title III authorized suit by the Attorney General of the United States in school or other public facility cases, even if the Attorney General had no complaint upon which to base the instigation of the suit. Title IV of the bill originally introduced was the forced housing provision. Title V contained the criminal law provision for private interference with private action. Title VI was a miscellaneous section authorizing necessary appropriations and contained the usual separability clause.

Thus, the bill as originally introduced contained six titles, five of which were substantive in nature, and four of which were designed to either establish new constitutional rights where none were ever before known to exist, or to authorize intervention by the National Government into areas not delegated to the National Government in the Constitution. On this particular bill, both a subcommittee of the Judiciary Committee of the House of Representatives and the Constitutional Rights Subcommittee of the Senate Judiciary Committee held extensive hearings. Both the subcommittee and the full Judiciary Committee of the House of Representatives amended this bill substantially before reporting it to the House of Representatives.

The amendments added to the bill in committee in the House of Representatives followed hearings which were held before Subcommittee No. 5 on the following days: May 4, 5, 10, 11, 12, 17, 18, 19, 24, and 25, 1966.

Upon conclusion of the public hearings, the subcommittee spent 6 days in executive session considering the bill. The subcommittee struck out everything after the enacting clause and approved an amendment in the nature of a substitute which it recommended to the full Judiciary Committee. No change was made in the forced housing title, title IV, and the subcommittee withheld its recommendation with respect to these provisions altogether.

Thereafter, the full Judiciary Committee of the House of Representatives devoted nine executive sessions to the consideration of the bill and adopted an amendment in the nature of a substitute. The work of the full committee was devoted principally to title IV, the forced housing title, and a number of major changes were made in this provision of the bill. These changes were principally in the areas of coverage and enforcement. Generally, the committee-amended version was designed to limit

title IV's prohibition to real estate brokers, lending institutions and others engaged in the business of building, developing, buying, selling, renting, leasing or financing residential housing.

The second major change approved by the Judiciary Committee of the House of Representatives was the adoption of an administrative enforcement remedy. This amendment establishes an enforcement agency with power to issue cease and desist orders. The Legislative Reference Service of the Library of Congress has prepared an analysis of the changes made in title IV of H.R. 14765 by the House Judiciary Committee from that which was originally introduced. This analysis will serve to illustrate the major changes which could be expected to be made in any legislative proposal if it is given the committee consideration which it requires. The analysis is as follows:

ANALYSIS

1. Policy. Section 401 of the revised bill declares that it is the policy of the United States to prevent discrimination on account of race, color, religion or national origin in the purchase, rental, lease, financing, use and occupancy of housing throughout the Nation. The original version of the policy statement made an additional point, specifically, the right of every person to be protected against discrimination in residential housing. The omission of the latter provision goes hand in hand with the reduced coverage approved by the committee. Thus, whereas the original bill protected the right of every person to be free from all housing discrimination, the committee substitute—despite the adoption of an additional remedy—protects the right of every person with respect to some housing discrimination. In short, although the object of the bill remains unaltered, the number of subjects covered by its provisions have been considerably reduced.

2. Definitions. Section 402 contains the definition of various key terms used in Title IV of the bill.

The term "person" remains unchanged and includes one or more individuals, corporations, partnerships, associations, labor organizations, legal representatives, mutual companies, joint stock companies, trusts, unincorporated organizations, trustees, trustees in bankruptcy, receivers, and fiduciaries.

The term "dwelling" has undergone a significant change in the committee reported version. Under the terms of the original bill, "dwelling" was defined to include not only "any building or structure, or portion thereof, whether in existence or under construction, which is in, or is designed, intended, or arranged for residential use by one or more individuals or families," but also any vacant land that was offered for the construction of residential housing. Although it is difficult to assess the import of the omission of vacant land in terms of actual market transactions, it would not appear to be insubstantial. More significant, perhaps, is the opportunity it may present large tract developers to circumvent the bill's prohibitions by passing title to the lot in advance of actual development thereof by tacit agreement of the parties.

The phrase "discriminatory housing practices" remains unchanged and means any act prohibited by sections 403 or 404.

The committee added a new paragraph to the definitions section, providing that a person shall be deemed to be in the business of building, developing, selling, renting or leasing dwellings if he has, within the preceding twelve months, participated as either principal or agent in three or more transactions involving the sale, rental, or lease of any

dwelling or any interest in a dwelling. This provision indicates what section 403 makes obvious, namely, that Title IV's prohibitions are limited to persons, both natural persons and legal entities, that are in the business of building, developing, buying, selling, renting or leasing residential housing. Stated differently, it exempts a homeowner from charges of discrimination when he sells or rents his property. On the other hand, a homeowner may bring himself within the provisions of Title IV by engaging in more than two transactions during a twelve-month period. In effect, the bill presumes that three transactions constitute business dealings in the narrower sense.

The word "business" qualifies the word "transactions" so as to suggest that the dealings that convert the owner to a dealer are those in which he acts as a vendor or lessor or the agent of either. In other words, it appears that the sale and simultaneous or subsequent purchase of a new or larger house by an owner do not constitute two transactions, thus exhausting his exemption for any twelve month period. Briefly, then, an owner is free to discriminate in two sales, rentals or leases a year.

The committee reported text uses the plural buildings—e.g., "business of buildings"—when the singular building is clearly indicated.

3. Prohibited Discrimination. Section 403 outlaws discrimination with regard to enumerated classes of persons because of race, color, religion, or national origin. The various classes of persons coming under the title are real estate brokers, agents, or salesmen, or employees or agents of real estate brokers, agents, or salesmen, or any persons in the business of building, developing, selling, renting, or leasing dwellings.

The committee bill's section 403 makes it unlawful for any of the several classes of covered persons—(1) to refuse to sell, rent, or lease, or negotiate for the sale, rental, or lease of, or otherwise deny, a dwelling to any person because of race, color, religion, or national origin; (2) to discriminate in the terms, conditions, or privileges of sale, rental, or lease or in the provision of services or facilities in connection therewith because of race, color, religion, or national origin; (3) to make, print, or publish, or cause to be made, printed or published, any oral or written notice or advertisement with respect to the sale, rental, or lease of a dwelling that indicates any discrimination based on race, color, religion, or national origin, or an intention to make any such preference, limitation, or discrimination; (4) to refuse or fail to show a dwelling which he is authorized to show because of race, color, religion, or national origin, or to fail to submit promptly to his principal any offer to buy, rent, or lease because of race, color, religion, or national origin or to fail or refuse to use his best efforts to consummate any sale, rental, or lease because of the race, color, religion, or national origin of any party to the prospective sale, rental, or lease; (5) to represent to any person because of race, color, religion, or national origin that a dwelling is not available for inspection, sale, rental, or lease when it is in fact so available; (6) to deny to any person because of race, color, religion, or national origin, or because of the race, color, religion, or national origin of the person he represents or may represent, access to or participation in any multiple-listing service or facilities related to the business of selling or renting dwellings; or (7) to engage in any act or practice the purpose of which is to limit or restrict the availability of housing to any person because of race, color, religion, or national origin.

(At this point, Mr. HOLLAND assumed the chair.)

Mr. THURMOND [reading]:

As already noted, this section underwent significant change in committee. The kinds of discrimination covered continue to be the same—i.e., race, color, religion, and national origin. Similarly, five of the seven specified acts made unlawful appeared in substantially the same form in the original version of the bill. In virtually all other respects the section approved by the committee represents a major departure from the introduced text.

The most significant change, of course, is the classes of persons coming under the bill. The text accompanying the President's message applied to any person capable of passing any interest in a dwelling. Thus, the original bill's enumeration of covered categories of persons included not only real estate brokers or salesmen, or employees or agents of real estate brokers or salesmen, but also owners, lessees, sublessees, assignees, or managers of, or other persons having the authority to sell, rent, lease, or manage a dwelling. This all inclusive list and the bill's broad definition of "dwelling" plus the absence of even a single express exemption implied the total elimination of discrimination in housing. The committee substitute, as previously noted, limits the bill's prohibitions to persons in the business of building, developing, buying, selling, renting or leasing residential housing. Under the committee's revision, the only way an owner may be affected is to engage in more than two transactions a year.

Both the original and the committee texts declared the following discriminatory acts to be unlawful:

- (1) Discrimination with regard to the sale, rental, or lease of residential housing or refusing to negotiate the same.
- (2) Discrimination with regard to terms, conditions, or privileges of such sale, rental, or lease, or in the provision of services or facilities connected therewith.
- (3) Printing or publishing any notice, statement or advertisement that indicates discrimination or any intention to discriminate with regard to the sale, rental, or lease of residential housing.
- (4) Misrepresenting the availability for inspection, sale, rental, or lease of residential housing.
- (5) Discrimination with regard to access to or participation in any multiple listing service or other services or facilities related to the business of selling or renting residential housing.

The committee bill lists two additional kinds of unlawful activities. The first makes it unlawful for anyone of the covered classes of persons to refuse or fail to show a dwelling which he is authorized to show, because of race, color, religion, or national origin, or to fail to promptly submit to his principal any offer to buy, rent, or lease because of race, color, religion, or national origin, or refuse to use his best efforts to consummate any sale, rental, or lease because of the race, color, religion, or national origin of any party to the prospective sale, rental, or lease. The second makes it unlawful for any person in the business of housing to engage in any act or practice the purpose of which is to limit or restrict the availability of housing to any person because of race, color, religion, or national origin.

The activities prohibited by the bill raise a number of significant questions. Many more will doubtless come to light during the course of Title IV's administration if and when enacted into law. Perhaps one of the most vexing questions concerns the application of the title to the sale or rental of property by an owner who lists such property with a real estate broker. In other words, while it is evident that Title IV does not prohibit discrimination by an owner if he personally sells or rents his home, is the owner prohibited if he employs a broker? The bill

is not altogether clear on this point and the committee report does little more than set forth the bill's basic provisions. According to published accounts of the reported bill, Congressman MATHIAS, a Member of the House Judiciary Committee, is reported as having stated that the homeowner exemption would also apply when he lists his property with a broker. See *The New York Times*, Thursday, June 30, 1966, pp. 1, 23.

It is clear that if the broker on his own initiative chooses to discriminate he is liable under Title IV. The question arises where the exempt owner gives a broker a restricted listing requiring the property to be shown whites only. Assuming the accuracy of the remarks attributed to Congressman MATHIAS, what supports the purported exemption? It would appear that such a result must be gleaned, if at all, from the language of either of the two new prohibitions added in committee since the others, while now applicable to a narrower class of persons, are virtually identical to those in the original version of the bill. The latter, as noted elsewhere, banned all forms of discrimination by both homeowners and brokers. The only apparent language capable of sustaining this view is found in the initial clause of the first of the two committee additions which makes it unlawful for a broker "to fail or refuse to show any dwelling which he is authorized to show to prospective buyers, renters, or lessors . . ." By emphasizing the word "authorized", it may be argued that a broker commits a violation only when he fails to show a property to a person of a particular race despite the fact that he has been "authorized" to show it to all comers. Conversely, when he is not "authorized" to show it to all comers, the act, however discriminatory, is not unlawful. Such a construction is at best cumbersome and, assuming the desirability of the contemplated exemption, it might be advisable to set it out with more clarity.

The section banning discriminatory advertising raises another important question. That section speaks in terms of advertisements connoting "any preference, limitation, or discrimination". What exactly is contemplated by the quoted language? Not infrequently, notices for the sale of residential housing include reference to the property's proximity to a particular church and/or a parochial school. Does such a reference betray an intention to make a "preference, limitation, or discrimination" because of "religion"? The insertion of such a reference, unlike that of proximity to public transportation, is equivocal. However, like the other, it may represent nothing more than a desire to stimulate buyer interest.

In addition to the homeowner exemption, section 403 of the committee bill carves out two other new exemptions. Generally, most apartment rentals are covered. Paragraph (b), however, exempts from coverage the sale, rental, or lease of a portion of a building containing living quarters occupied or intended to be occupied by no more than four families living independently of each other if the owner occupies one of such living quarters. In short, the committee amendment exempts buildings of four units or less when the owner lives on the premises. This is the so-called Mrs. Murphy's boarding house exemption.

The second exemption permits any religious or denominational institution, or any charitable or educational institution or organization which is operated, supervised, or controlled by or in conjunction with a religious organization, or any bona fide private or fraternal organization, to give preference to persons of the same religion or denomination, or to members of such private or fraternal organization, or to make such selection as is calculated to promote the religious

principles or the aims, purposes for which it is established or maintained. Similar exemptions are found in many state open occupancy laws and presumably this experience may be relied upon in borderline cases.

The final provision in section 403 makes clear that nothing in Title IV is intended to affect any liability for payment of a real estate or other commission.

4. Financial Institutions. Section 404 of the bill prohibits discrimination in the financing of housing. The section, which is unchanged from the original, makes it unlawful for any bank, savings and loan institution, credit union, insurance company, or other lender of money for the purchase, construction, repair, or maintenance of dwellings to refuse to make such loans, or to discriminate in the terms or conditions thereof, because of the race, color, religion or national origin of the borrower or the prospective occupants of the dwellings involved. It should be noted that this prohibition is applicable to any transaction involving all residential housing. In brief, no exemption is, expressly or impliedly, authorized.

5. Intimidation. Section 405 of the committee bill, a carryover from the original, prohibits any person from intimidating, threatening, coercing, or interfering with any person in the exercise or enjoyment of, or because he has exercised or enjoyed, or aided or encouraged another in the exercise or enjoyment of, any right safeguarded by section 403 or 404. This section is intended to protect Negroes and others from threats, etc., not only by parties to any negotiation or prospective transaction but from any third parties who seek to forestall the same. It reaches similar conduct in retaliation for having negotiated the purchase or rental of a dwelling and/or for having consummated the same. Finally, it reaches similar activities directed at persons who aid or encourage others in the enjoyment of these rights.

Although section 405 contains no express criminal penalties, the conduct proscribed therein may be prosecuted under Title V of the bill which deals with interference with rights. Section 501 (a) (5) of that title makes it a crime for any person, by force or threat of force, to injure, intimidate or otherwise interfere with, or to attempt to injure, intimidate, or interfere with any person because of his race, color, religion, or national origin while he is lawfully engaged or seeking to engage in "selling, purchasing, renting, leasing, occupying, or contracting or negotiating for the sale, rental, lease, or occupation of any dwelling."

Section 501(b) makes it a crime for any person, by force or threat of force, to injure, intimidate, or otherwise interfere with, or attempt to injure, intimidate, or interfere with any person to discourage lawful participation by such person in any of the benefits or activities described in paragraph (a) or because any such person has participated or sought to participate in such activities or urged or aided others to so participate. In addition, it makes it a crime to use force or the threat of force against any person because he has engaged in speech or peaceful assembly opposing any denial of the opportunity to so participate.

These provisions of Title V, surpassing in breadth section 405, authorize a graduated scheme of penalties depending upon the seriousness of the injury inflicted upon the victim. The general maximum penalty prescribed in the absence of bodily harm is a \$1,000 fine or 1 year imprisonment or both. In the case of bodily harm, the maximum penalty is a \$10,000 fine or 10 years imprisonment or both. Where the victim is deprived of his life, the maximum penalty authorized by Title V is "any term of years or for life."

As will be seen shortly, section 406 authorizes a civil remedy for violations of section 405.

Although the language of section 405 as supplemented by section 501 appears to reach many forms of retaliatory action against persons because they have opposed discriminatory housing practices forbidden by Title IV, there is some doubt whether these sections protect persons against retaliation because they have filed a complaint, testified or assisted in any proceeding under this title. The rights protected by section 405 are the rights to be free from discrimination by brokers, etc. under 403 and by financial institutions under 404. Nothing in these sections specifically relates to enforcement. The rights protected by sections 501 are the rights to be free from injury, intimidation, or interference by various persons relative to the sale, purchase, rental, lease, occupancy, or contract or negotiation of sale, rental, etc. of any dwelling. Although it may be argued that freedom from retaliation for bringing a proceeding to enforce the right goes hand in hand with the basic rights protected, Congress on other occasions has expressly provided a safeguard.*

6. Enforcement, Private Persons. Although the revised bill retains the private legal remedy proposed by the original bill's section 406, the committee has made a number of significant changes. The language of subsection (a) containing the general authority for private suits, is identical with that found in the bill as introduced. Briefly, it authorizes civil actions in appropriate federal district courts and state courts to enforce the rights granted in sections 403, 404 and 405. The action must be initiated within six months of the alleged violation.

Paragraph (b) provides that upon application of any party the federal court may waive the payment of fees, costs or security in any civil action brought under section 406(a). Also, upon petition, the court may appoint an attorney for any party or parties under such circumstances as it considers just. Similar authority is given state and local courts to the extent their laws and procedure allow. The committee made only one change with respect to paragraph (b), but that change is an important one. The original version used the word "complainant" rather than "party or parties in a civil action under section 406(a)". The net effect of this change is to extend the benefits of the paragraph to respondents as well as complainants.

Section 406(c) authorizes the court to grant appropriate relief, including injunctive relief, and to award actual damages, or in the alternative, if the defendant has received or agreed to receive compensation for services during the course of which the discriminatory housing practice occurred, to award as liquidated damages an amount not exceeding such compensation. As originally proposed, paragraph (c) authorized injunctive relief and monetary damages, including damages for humiliation and mental pain

*The National Labor Relations Act, for example, expressly provides that similar conduct with respect to an unfair labor charge shall be considered an unfair labor practice. 29 U.S.C. 158(a)(4). See also 42 U.S.C. 2000 e-3(a) dealing with retaliation in connection with an unlawful employment practice charge. State fair housing laws frequently protect against this kind of activity. Thus, section 296(7) of the New York Act provides:

It shall be an unlawful discriminatory practice for any person engaged in any activity to which this section applies to retaliate or discriminate against any person because he has opposed any practices forbidden under this article or because he has filed a complaint, testified or assisted in any proceeding under this article. New York Executive Law.

and suffering, and up to \$500 punitive damages. Despite the rather substantial language change adopted by the committee, it may be that the only really new matter is the provision authorizing in the alternative the award of liquidated (meaning fixed) damages—i.e., defendant's commission. The deletion of the specific reference to damages for humiliation and mental pain and suffering would not necessarily bar their recovery. The section's authorization of actual damages would generally permit recovery of all damages proved by complainant, including, in many jurisdictions, humiliation and mental pain and suffering. The measure of damages is ordinarily governed by the law of the state where the tort is committed. Consequently, if state law permits recovery for these factors, they may be awarded in an action under section 406. Likewise, the deletion of punitive damages does not necessarily affect the award of so-called smart money—save, of course, to remove the original bill's \$500 ceiling—if complainant can prove actual damages and malice on the part of defendant. While the states differ with respect to recovery of punitive damages in the absence of statute, the majority seem to allow it. See 22 Am. Jur. 2d 238 (1965).

Paragraph (d) of the original bill simply provided that the prevailing party in a civil action authorized by section 406(a) could recover reasonable attorney's fees as an element of court costs. Generally, an amount for reasonable attorney's fees is not part of a judgment unless expressly authorized by statute. The committee revision omits any reference to attorney's fees and in its place inserts a new subsection authorizing the court to give states and localities with appropriate laws the initial opportunity to remedy a charge of housing discrimination. Thus, section 406(d) provides that when a case is brought under section 406(a) alleging a discriminatory housing practice prohibited by an applicable state or local law and from which relief can be obtained under state or local law, the court may, upon issuance of a temporary injunction or other appropriate order preserving the complainant's right to obtain all relief, including the opportunity to buy or rent the specific dwelling with respect to which the alleged housing practice occurred, stay the action up to 30 days pending referral by the court or by the complainant, as appropriate, to relevant state or local authorities. At the end of the stay, the court may order a further stay for such additional period as it deems appropriate or pending termination of state or local proceedings, if it believes the state or local proceeding will be conducted expeditiously and that a stay will serve the interests of justice. In the event of such a further stay, the court may continue or withdraw any orders it has previously issued, as justice requires. Issuance or withdrawal of any temporary injunction or other order may be conditioned upon the posting of reasonable bond or other security. If the court directs the complainant to make reasonable efforts to initiate appropriate proceedings under applicable state or local law and the complainant fails to do so and does not show good cause for such failure, the court may, in its discretion, dismiss the action.

The practice of acceding initially to applicable state authorities follows the precedent established in the public accommodations and equal employment opportunity provision of the 1964 Act, and is doubtless intended to encourage enactment and more effective enforcement of relevant state and local laws.

7. Enforcement, Attorney General. The committee bill adopts without modification the original bill's section providing for enforcement by the Attorney General.

Section 407(a) authorizes the Attorney General to bring a civil action for injunctive relief whenever he has reasonable cause to

believe that any person or group of persons is engaged in a pattern or practice of resistance to the full enjoyment of his rights granted by Title IV.

Section 407(b) authorizes the Attorney General to intervene in a civil action brought by a private person in a federal court under this title, if he certifies that the action is of general public importance. In such cases, the United States shall be entitled to the same relief as if it were a party complainant.

Again, both these subsections are reminiscent of provisions applicable to other situations in the 1964 Act. During the debate on the earlier measure, then Senator HUMPHREY gave the following explanation of "pattern or practice" of discrimination as it applied to public accommodations and fair housing:

"... is meant to exclude action in sporadic instances of violation of rights, which will be left to correction by individual complainants under other sections of these titles. It would be clear that an establishment or employer that consistently or avowedly denies rights under these titles is engaged in a pattern or practice of resistance.

"The Attorney General may obtain relief in public accommodations and employment cases only where a pattern or practice has been shown to exist. Such a pattern or practice would be present only when the denial of rights consists of something more than an isolated, sporadic incident, but is repeated, routine, or of a generalized nature. There would be a pattern or practice if, for example, a number of companies or persons in the same industry or line of business discriminated, if a chain of motels or restaurants practiced racial discrimination throughout all or a significant part of its system, or if a company repeatedly and regularly engaged in acts prohibited by the statute.

"As a further safeguard, the bill requires a showing that those engaged in the pattern or practice had the intention to deprive others of their rights under Title II or Title VII. That is, where several companies are involved, the Attorney General could not show a pattern or practice by proving that one company refused to serve a Negro because of his race and several other companies also refused service but for legitimate reasons.

"That kind of a showing would not satisfy the requirement of intent; what is required is a showing of intentional discrimination. Intention could, of course, be proved by, or inferred from, words, conduct, or both. The issue would then be whether, as a matter of fact, there was a refusal of service or employment amounting to a pattern or practice, or whether the companies acted in concert or in a conspiracy. And the bill would authorize the Attorney General to join all or some of several defendants in the same action.

"The point is that single, insignificant, isolated acts of discrimination by a single business would not justify a finding of a pattern or practice, and thus the fears which have been expressed in this regard are totally groundless. CONGRESSIONAL RECORD, volume 110, part 11, pages 14239, 14270."

Briefly, then, the Attorney General's suit is limited to situations where there is concerted or persistent interference with rights protected by sections 403 and 404 of this title.

8. Enforcement, Fair Housing Board. As noted at the outset, the committee has supplemented the enforcement provisions of Title IV by authorizing an administrative remedy. Section 408(a) establishes a Fair Housing Board of five members appointed by the President with the advice and consent of the Senate. No more than three members may belong to the same political party. Members will have staggered five year terms

and shall be paid at the yearly rates of \$25,000, except for the chairman, who shall be paid \$25,500. The chairman will be designated by the President. Three members shall constitute a quorum.

Section 408(b) authorizes the Board, in accordance with civil service laws, to appoint and fix the compensation of such officers and employees as may be necessary to carry out its functions.

Section 408(c) authorizes the Board to issue necessary and proper rules and regulations, to delegate any or all of its powers to any three or more of its members, and to delegate its authority to conduct hearings to any member, agent, or agency.

Section 408(d) authorizes the Secretary of Housing and Urban Development to investigate violations of sections 403, 404, and 405 of this title, either on the basis of information giving reasonable grounds for the belief that a violation has occurred or upon receipt of a written statement from a person who alleges that he is aggrieved by such violation.

Section 408(e) provides that the Secretary of Housing and Urban Development for purposes of investigation, and the Board, for purposes of hearing, shall have the same powers and be subject to the same conditions and limitations as are provided for the National Labor Relations Board under 29 U.S.C. 161. That section confers upon the N.L.R.B. diverse investigatory powers. For purposes of all hearings and investigations which in the opinion of the N.L.R.B. are necessary and proper for the exercise of the powers vested in it by sections 159 and 160, dealing with investigations of questions concerning the representation of employees and unfair labor practices, respectively, the Board is empowered to subpoena witnesses and documentary evidence. Any member of the N.L.R.B. is empowered to issue subpoenas requiring the attendance and testimony of witnesses and the production of any evidence that relates to matters under investigation or in question. In case of contumacy or refusal to obey a subpoena, the N.L.R.B. may make application to the appropriate district court, which is empowered to issue orders requiring obedience, and to punish for contempt if necessary. Witnesses may not be excused from testifying or producing evidence on grounds of self-incrimination; however, they are immune from any prosecution, penalty, or forfeiture—except perjury—for or on account of anything on which they are compelled to testify or produce in evidence. Process of the N.L.R.B. may be served personally or by registered mail or telegraph or by leaving a copy thereof at the principal office or place of business of the person required to be served. Witnesses and deponents are entitled to the same fees as are paid for like services in the courts of the United States. Court process may be served in the judicial district wherein the person required to be served resides or may be found. All federal boards and agencies are required, when ordered by the President, to answer the N.L.R.B.'s request for all records, papers and information relative to any matter before the Board.

Although the incorporation by reference of the N.L.R.B.'s investigatory power is probably sufficient to indicate generally the Fair Housing Board's power in this area, it would seem preferable to rewrite similar provisions into Title IV. It should be noted that section 161 grants no roving commission, but is limited to the exercise of powers and functions embodied in sections 159 and 160 of the National Labor Relations Act. These conditions are totally unrelated to fair housing. Consequently, a question arises as to what delimiting factors, if any, apply. In view of the provisions of section 408(e) of the bill, it is obvious that the authors intended that these powers should be exercised for purposes of investigation by the

Secretary of H.U.D. and for purposes of a hearing by the Board. However, this still leaves the occasion for much argument (and uncertainty) concerning the application of the introductory prepositional phrase to fair housing. These and other issues could be obviated by including an investigatory power section in Title IV tailored to the specific functions and purposes of the Secretary of H.U.D. and another to the quasi-judicial power and procedures of the Board as authorized by section 408.

Section 408(f) provides that if the Secretary finds, after investigation, that a violation has occurred, he shall file a written complaint with the Board stating his findings as well as the facts. The Secretary is required to serve a copy of the complaint on the person or persons charged with the violation. There is no requirement that he notify the complainant and no requirement of formal notice to anyone should he determine that no violation has occurred and apparently no way for the complainant to get a hearing before the Board should the Secretary make such determination.

Section 408(g) provides that the Board shall set a hearing after it receives a complaint from the Secretary but not before the passage of 10 days following service of the complaint on the respondent. The Secretary is directed to designate a person to present evidence in support of the complaint. There is no indication that the complainant may have his own attorney.

Section 408(h) provides that except as provided in sections 408(f) and 408(g), the Board shall conduct its hearings and issue and enforce its orders in the same manner, and shall be subject to the same conditions and limitations and appellate procedures as are provided for the N.L.R.B. under 29 U.S.C. 160(b), (c), (d), (e), (f), (g), (i) and (j), and that all parties to the hearing shall have the same rights as are provided therein. The exceptions provided in the initial clause of section 408(h) subordinate the N.L.R.A.'s provisions incorporated therein to the division of functions authorized by section 408 (f) and the ten day limitation between service of complaint and hearing in section 408(g). The N.L.R.A. separates prosecution and enforcement between the General Counsel and the N.L.R.B., whereas Title IV separates these functions between the Secretary of Housing and Urban Development and the Fair Housing Board. Moreover, the N.L.R.A. allows only five days between service of the complaint and hearing. (In actual practice, however, ten days are the rule.) These two differences between the N.L.R.A. and Title IV are reflected in the exception provided by section 408(h).

The subsections of section 160 of the N.L.R.A. adopted by section 408(h) relate to the power of the Board to prevent unfair labor practices. Paragraph (b) requires the Board to serve respondent with a copy of the complaint and notice of hearing. The hearing may not be held until at least five days after the respondent has been served with the complaint. No complaint shall be issued based upon an unfair labor practice occurring more than six months prior to the filing of a charge with the Board. A complaint may be amended by any person conducting the hearing or the Board any time prior to the issuance of an order. Respondent is entitled to file an answer to the original or amended complaint and appear in person or otherwise and give testimony. Regional directors and trial examiners may grant intervention in person or by counsel or other representative to the extent and upon terms they deem proper. Hearings are to be conducted "so far as practicable" in accordance with the rules of evidence which apply in the federal courts.

Paragraph (c) of section 160 of the N.L.R.A. provides that all testimony shall be reduced to writing and filed with the Board. The

Board, upon notice, may take additional testimony or hear additional arguments. If the Board is of the opinion, based on a preponderance of the testimony, that respondent has engaged or is engaging in an unlawful practice, it shall state its findings of fact and issue an order requiring respondent to cease and desist from such unlawful practice. In addition, the Board may order respondent to take other affirmative action including reinstatement of employees with or without back pay. Back pay may be required of either the employer or the labor organization, depending upon which is responsible for the discrimination suffered by the employee. The Board is required to apply the same policy to both affiliated and independent labor organizations in issuing complaints and in framing its remedies for unfair labor practices. If no sufficient case is made out, the Board shall issue an order dismissing the complaint. Neither reinstatement nor back pay shall be ordered where the employee was suspended or discharged for cause.

Upon the conclusion of a hearing on an unfair labor practice complaint, the trial examiner files an intermediate report in which he makes certain findings of facts and recommendations. If no exceptions are filed within 20 days after receipt of a copy of the intermediate report, the trial examiner's findings and recommendations automatically become those of the Board.

Paragraph (d) provides that the N.L.R.B. can change findings made and orders issued in a case any time prior to the filing of a transcript of the record with a court seeking enforcement or review of the orders.

Orders issued by the N.L.R.B. are subject both to enforcement and review in the courts. Enforcement proceedings are set forth in paragraph (e). Virtually the same procedural provisions are applicable in petitions by employers, unions or aggrieved parties, seeking review of Board orders pursuant to paragraph (f). It should be noted, however, that the review proceeding is a review of the Board's action rather than a trial de novo.

Sections 160 (e) and (f) of the N.L.R.B. give jurisdiction to the U.S. Court of Appeals to enforce, review or set aside Board orders seeking to remedy unfair labor practices. Petitions for review or enforcement may be filed in the circuit in which the unfair labor practice occurred or in which the party resides or does business. The U.S. District Courts may take jurisdiction to review Board proceedings where the appropriate Court of Appeals is on vacation. After the N.L.R.B. files a petition for enforcement of its order, it must certify and file with the court the record of the Board proceedings. Notice of the Board's action must also be served upon the party or parties against whom the order is entered. Full jurisdiction of the case is then acquired. A court is not limited to denying or granting enforcement of the Board's order as a whole. A decree may be entered "enforcing, modifying, and enforcing as so modified, or setting aside in whole or in part the order of the Board." In enforcement or review proceedings, the court may not entertain or consider any objection which was not raised before the Board unless the failure or neglect to urge the objection is excusable because of extraordinary circumstances. Findings of fact by the Board "if supported by substantial evidence on the record considered as whole" are conclusive and binding on the court.

Leave to adduce additional evidence before the Board may be sought of the court by either party to the proceeding. It must be shown to the satisfaction of the court that the additional evidence is material and that there were reasonable grounds for failure to present the evidence before the Board in the original hearing. If the leave is

granted, the Board, after hearing the additional evidence, may modify its findings or make new findings and file recommendations for the modification or setting aside of its original order. The court's decree is final, subject to appeal to the U.S. Supreme Court.

Paragraph (g) of section 160 of the N.L.R.A. provide that proceeding for enforcement and review shall not stay the Board's order unless specifically directed by the court.

Paragraph (i) provides that petitions for enforcement and review are to be heard by the court "expeditiously and if possible within ten days after they have been docketed."

Paragraph (j) authorizes the Board, after it has issued a complaint alleging the commission of unfair labor practices, to petition the appropriate district court for temporary relief or restraining order without waiting until it is ready to petition for enforcement of its order in an unfair labor practice case.

In order to obviate some of the more pronounced irrelevancies caused by the incorporation by reference of a distinctly labor statute, section 408(h) of Title IV provides that 29 U.S.C. 160(c) (N.L.R.A.) relative to reinstatement of employees and to complaints under 29 U.S.C. 158(a)(1) or (a)(2) are expressly made inapplicable. However, violations under this title shall be treated in the same manner as unfair labor practices under 29 U.S.C. 160, which is to say that the Board may bring a contempt action to secure compliance.

The incorporation of selected N.L.R.A. enforcement and review procedures which have been heavily litigated raises a number of questions. Perhaps, the most obvious, is whether the decisional law is incorporated into Title IV along with the language of the relevant provisions of sections 160 and 161. This and other issues that may arise in the wake of the enactment of Title IV thus constituted would appear to militate in favor of adopting review and enforcement procedures specifically tailored to unfair housing rather than unfair labor practices.

9. Miscellaneous. The committee bill prescribes additional functions for the Secretary of H.U.D. including broad powers to study the problems of discrimination. Thus section 409 directs the Secretary to make studies and publish reports on discriminatory housing practices, cooperate with and render technical assistance to private or public agencies, including the Community Relations Service, and administer his Department's programs in a manner affirmatively to further policies of Title IV. However, pursuant to section 408 (i), the Secretary may delegate any of his powers and duties under this title.

Section 410 is identical to section 409 of the bill as introduced which provided that no state or local law granting or protecting the same rights as are granted or protected by Title IV shall be invalidated or limited by Title IV. However, any state or local law that purports to require or permit a discriminatory housing practice shall to that extent be invalid.

Section 411, numbered 410 in the original, makes the jury trial provisions of the Civil Rights Act of 1957, 42 U.S.C. 1995, available in voting rights suits, applicable to contempt arising under the bill. As a result, jury trials are required in any proceedings for criminal contempt where the aggregate fine exceeds \$300 or the cumulative imprisonment exceeds 45 days. In other cases of criminal contempt the accused may be tried with or without a jury at the discretion of the judge. In any case of criminal contempt involving a natural person, the fine is not to exceed \$1,000 nor imprisonment exceed the term of six months.

Section 412, numbered 411 in the introduced version, contains a separability clause. It provides that nothing in this title shall be construed to affect the authority of the federal government and its agencies or officers, to institute or intervene in any civil action or to bring any criminal prosecution.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield, with the understanding that he may do so without losing his right to the floor?

Mr. THURMOND. Mr. President, I am pleased to yield to the distinguished Senator from Delaware, with the understanding that I may do so without losing my right to the floor; and that upon my resumption, it will not be considered a second speech by me upon this subject on this legislative day.

The ACTING PRESIDENT pro tempore (Mr. BYRD of Virginia in the chair). Is there objection? The Chair hears none, and it is so ordered.

IRRESPONSIBLE MANNER OF APPROVAL OF MULTIFAMILY PROJECTS BY FEDERAL HOUSING ADMINISTRATION

Mr. WILLIAMS of Delaware. Mr. President, on previous occasions I have called attention to the irresponsible manner in which the Federal Housing Administration has been approving multifamily projects which at the time of approval were obviously not economically feasible. In addition, to make the situation even more irresponsible, some of these projects were approved for mortgages in excess of actual land and construction costs—as certified by audits of the General Accounting Office.

Today I call attention to four multifamily projects in Cincinnati, Ohio, which were insured with FHA mortgages totaling over \$12.5 million, representing around \$600,000 in excess of actual construction and land costs. Three of the projects defaulted in less than 1 year and the fourth in less than 2 years. The Federal Housing Administration made insurance settlements totaling \$12,414,300 against construction and land costs totaling \$11,944,770. This gave the sponsors of these bankrupt projects a cash profit of approximately a half of a million dollars plus whatever additional benefits they may have derived from builders' fees, promoters' fees, and salaries. Depreciation could also be claimed against other profitable enterprises they may have been operating.

I summarize these four projects.

Three projects were given final approval on April 5, 1962, with mortgage terms of 40 years at 5 percent interest. The fourth project was given final approval on January 15, 1963, with mortgage terms of 40 years at 5½ percent interest. All four projects had the same sponsors, The Hamilton Co., Harry J. Krieger, and Lewis I. Leader, 8750 Arborcrest Drive, Cincinnati, Ohio. Each project was a separate corporate entity, and the sponsors were not individually responsible for the mortgages. Each of the projects was insured for an FHA mortgage in excess of the land and construction costs. They are as follows:

Fay Apartments No. 1, Inc., FHA project No. 046-35005-NP, Cincinnati, Ohio. Final endorsement, April 5, 1962—mortgage amount, \$4,177,500. Mortgage defaulted January 1963 and assigned to FHA August 30, 1963—amount, \$4,128,950. Actual land and construction

costs—GAO—\$3,942,795. Sponsors' cash profit on this bankrupt project, \$186,155.

Fay Apartments No. 2, Inc., FHA project No. 046-35006-NP, Cincinnati, Ohio. Final endorsement, April 5, 1962—mortgage amount, \$2,254,500. Mortgage defaulted January 1963 and assigned to FHA August 30, 1963—amount, \$2,228,100. Actual land and construction costs—GAO—\$2,141,441. Sponsors' cash profit on this bankrupt project, \$86,659.

Fay Apartments No. 3, Inc., FHA project No. 046-35007, Cincinnati, Ohio. Final endorsement, April 5, 1962—mortgage amount, \$3,206,900. Mortgage defaulted January 1963 and assigned to FHA August 30, 1963—amount, \$3,170,100. Actual land and construction costs—GAO—\$3,071,439. Sponsors' cash profit on this bankrupt project, \$98,661.

Richmond Village, FHA project No. 046-35011-NP, Cincinnati, Ohio. Final endorsement, January 15, 1963—mortgage amount, \$2,923,000. Mortgage defaulted May 1963 and assigned to FHA October 10, 1963—amount, \$2,887,150. Actual land and construction costs—GAO—\$2,789,095. Sponsors' cash profit on this bankrupt project, \$98,055.

Thus we find that on the four projects, all with the same sponsors, the total construction and land costs of which—as certified by GAO audits—were \$11,944,770, the FHA had insured mortgages in the amount of \$12,561,900, or an average of around 105 percent of the total costs. This represented a cash profit to the sponsors of \$617,130.

After reducing these mortgages by \$147,600 the mortgages went in default, and by mid-October 1963 the Federal Housing Administration had made insurance settlements on all four projects totaling \$12,414,300. This left the sponsors with a cash profit of \$469,530 on these four bankrupt projects plus whatever builders' fees, promoters' costs, depreciation allowances, salaries, and so forth, that could have been picked up during the interval of their management.

In addition, for the 3 years following, or until June 30, 1966, the owners were retained by the Federal Housing Administration as managers on the first three of these properties, during which time they were paid to operate their own bankrupt operations.

It was not until July 14, 1966, 3 years after default, that the FHA finally got around to instituting foreclosure proceedings on three of these projects, and the fourth project is still being managed for the FHA by the owners.

During the period in which these projects were in default and were being operated for the Federal Housing Administration the total FHA collections from the Fay Apartments up to the time of foreclosure was \$1,088,999.49 and from Richmond Village up to August 31, 1966, has been \$431,703.60. While this is a sizable sum it should not be accepted as an indication that the FHA is making money or breaking even on these bankrupt projects. Quite the contrary—this \$1,520,703.09 collected by the Federal Housing Administration is actually not enough to cover the interest charges on

the mortgage and leaves nothing to cover depreciation, normal repairs, and so forth.

At this point I ask unanimous consent to incorporate in the RECORD a report on these four projects as furnished by Commissioner Brownstein under date of September 6, 1966. It will be noted from these reports that the cost information as furnished by FHA is different from the actual cost figures as outlined in my report. The cost figures which I have used in computing the cash windfalls to the sponsors of these bankrupt projects are based upon an audit made by the Comptroller General and submitted to the Honorable JOHN J. SPARKMAN, chairman, Subcommittee on Housing, Committee on Banking and Currency, under date of December 6, 1963. These figures may be found on page 23 of that GAO report. No. B-114860 or on page 19202 of the CONGRESSIONAL RECORD of August 12, 1966.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF HOUSING AND
URBAN DEVELOPMENT, FEDERAL
HOUSING ADMINISTRATION,
Washington, D.C.

HON. JOHN J. WILLIAMS,
U.S. Senate,
Washington, D.C.

DEAR SENATOR WILLIAMS: I am writing with further regard to your letter of August 17, 1966, concerning the Fay Apartments and Richmond Village in Cincinnati, Ohio.

The information you requested is attached. The cost figures contained therein (stated separately) have not been released publicly because they contain material which may fall within the criminal and other provisions of 18 U.S.C. 1905.

Congressmen DONALD D. CLANCY and JOHN J. GILLIGAN have also made inquiry along these lines and I am sending them similar information.

The FHA collected all net income from these projects while it held the mortgages during the default period. The total FHA collections from the Fay Apartments up to the time of foreclosure was \$1,088,999.49 and from Richmond Village up to August 31, 1966, has been \$431,703.60.

Sincerely yours,

P. N. BROWNSTEIN,
Assistant Secretary-Commissioner.

Enclosures.

RICHMOND VILLAGE, FHA PROJECT NO. 046-35011-NP, CINCINNATI, OHIO

General information

1. Date of Initial Contact: January 5, 1960.
2. Application Received: May 2, 1960.
3. Commitment Date: September 21, 1960.
4. Commitment Amount: \$2,923,000.
5. Initial Endorsement: October 18, 1960.
6. Final Endorsement: January 15, 1963.
7. Mortgage Amount at Final Endorsement: \$2,923,000.
8. Mortgage Terms: 40 years at 5½ % per annum.
9. Sponsor's Purchase Price of Land (from Application): \$212,241.
10. FHA "as is" Appraised Value of Land: \$212,241.
11. Sponsors: The Hamilton Company, Harry J. Krieger, & Lewis I. Leader, 8750 Arborcrest Drive, Cincinnati, Ohio.
12. Default Date: May 1963.
13. Mortgage Assigned to FHA: October 10, 1963.
14. Insurance Settlement: \$2,887,150.
15. Managers since Default: The project is being managed by the owners.

FAY APARTMENTS NO. 1, INC., FHA PROJECT NO.
046-35005-NP, CINCINNATI, OHIO

General information

1. Date of Initial Contact: August 1958.
2. Application Received: February 23, 1959.
3. Commitment Date: May 27, 1959.
4. Commitment Amount: \$3,935,900.
5. Initial Endorsement: June 4, 1959.
6. Final Endorsement: April 5, 1962.
7. Mortgage Amount at Final Endorsement: \$4,177,500.
8. Mortgage Terms: 40 years at 5% per annum.
9. Sponsor's Purchase Price of Land (from Application): \$78,201.
10. FHA "as is" Appraised Value of Land: \$38,236.
11. Sponsors: The Hamilton Company, Harry J. Krieger, & Lewis I. Leader, 8750 Arborcrest Drive, Cincinnati, Ohio.
12. Default Date: January 1963.
13. Mortgage Assigned to FHA: August 30, 1963.
14. Insurance Settlement: \$4,128,950.
15. Foreclosure Commenced: July 14, 1966.
16. Managers since Default: The project was managed by the owners up to June 30, 1966, at which time Francis X. McCarthy was appointed as receiver.

FAY APARTMENTS NO. 2, INC., FHA PROJECT NO.
046-35006-NP, CINCINNATI, OHIO

General information

1. Date of Initial Contact: August 1958.
2. Application Received: February 23, 1959.
3. Commitment Date: May 27, 1959.
4. Commitment Amount: \$2,142,000.
5. Initial Endorsement: June 4, 1959.
6. Final Endorsement: April 5, 1962.
7. Mortgage Amount at Final Endorsement: \$2,254,500.
8. Mortgage Terms: 40 years at 5% per annum.
9. Sponsor's Purchase Price of Land (from Application): \$42,300.
10. FHA "as is" Appraised Value of Land: \$43,243.
11. Sponsors: The Hamilton Company, Harry J. Krieger, & Lewis I. Leader, 8750 Arborcrest Drive, Cincinnati, Ohio.
12. Default Date: January 1963.
13. Mortgage Assigned to FHA: August 30, 1963.
14. Insurance Settlement: \$2,228,100.
15. Foreclosure Commenced: July 14, 1966.
16. Managers since Default: The project was managed by the owners up to June 30, 1966, at which time Francis X. McCarthy was appointed as receiver.

FAY APARTMENTS NO. 3, INC., FHA PROJECT NO.
046-35007-NP, CINCINNATI, OHIO

General information

1. Date of Initial Contact: August 1958.
2. Application Received: February 23, 1959.
3. Commitment Date: May 27, 1959.
4. Commitment Amount: \$3,081,900.
5. Initial Endorsement: June 4, 1959.
6. Final Endorsement: April 5, 1962.
7. Mortgage Amount at Final Endorsement: \$3,206,900.
8. Mortgage Terms: 40 years at 5% per annum.
9. Sponsor's Purchase Price of Land (from Application): \$61,499.
10. FHA "as is" Appraised Value of Land: \$79,978.
11. Sponsors: The Hamilton Company, Harry J. Krieger, & Lewis I. Leader, 8750 Arborcrest Drive, Cincinnati, Ohio.
12. Default Date: January 1963.
13. Mortgage Assigned to FHA: August 30, 1963.
14. Insurance Settlement: \$3,170,100.
15. Foreclosure Commenced: July 14, 1966.
16. Managers since default: The project was managed by the owners up to June 30, 1966, at which time Francis X. McCarthy was appointed receiver.

Cost information

RICHMOND VILLAGE, PROJECT NO. 046-35011-NP, CINCINNATI, OHIO

	Cost as claimed by mortgagor	FHA disallowance	Cost as allowed by FHA	Mortgage as percent of allowed cost
1. Construction cost (excluding fees).....	\$2,393,430	\$271,203	\$2,122,227	
2. Builder's fee.....	247,467		247,467	
3. Architect's fee.....	84,757	50,758	33,999	
4. Carrying charges, financing, and FHA fees.....	397,524	14,451	383,073	96.26
5. Legal and organization.....	37,570		37,570	
6. Land.....	214,068	1,857	212,241	
Total.....	3,374,846	338,269	3,036,577	

FAY APARTMENTS NO. 1, INC., PROJECT NO. 046-35005, CINCINNATI, OHIO

1. Construction cost (excluding fees) ¹	\$3,379,165	\$91,747	\$3,287,419	
2. Builder's fee.....	244,208		244,208	
3. Architect's fee.....	65,936		65,936	
4. Carrying charges, financing, and FHA fees.....	575,012		575,012	99.77
5. Legal and organization.....	14,428		14,428	
6. Land.....	81,742	81,742	0	
Total.....	4,360,492	173,489	4,187,003	

FAY APARTMENTS NO. 2, INC., PROJECT NO. 046-35006, CINCINNATI, OHIO

1. Construction cost (excluding fees) ¹	\$1,827,849	\$49,581	\$1,778,268	
2. Builder's fee.....	133,023		133,023	
3. Architect's fee.....	35,916		35,916	
4. Carrying charges, financing, and FHA fees.....	319,527		319,527	99.12
5. Legal and organization.....	7,730		7,730	
6. Land.....	42,447	42,447	0	
Total.....	2,366,492	92,028	2,274,464	

FAY APARTMENTS NO. 3, INC., PROJECT NO. 046-35007, CINCINNATI, OHIO

1. Construction cost (excluding fees) ¹	\$2,657,305	\$72,175	\$2,585,130	
2. Builder's fee.....	191,159		191,159	
3. Architect's fee.....	51,613		51,613	
4. Carrying charges, financing, and FHA fees.....	423,295		423,295	98.29
5. Legal and organization.....	11,400		11,400	
6. Land.....	55,879	55,879	0	
Total.....	3,390,651	128,054	3,262,597	

¹ Includes addition of ranges and refrigerators.

² Land on Fay projects reduced to zero value to reflect excess foundation costs encountered.

MESSAGE FROM THE PRESIDENT—
ADDITIONAL STEPS NECESSARY
TO ASSURE CONTINUED HEALTH
AND STRENGTH OF THE ECONOMY
(H. DOC. NO. 492)

The ACTING PRESIDENT pro tempore. The Chair lays before the Senate a message from the President of the United States relating to the Nation's economy which, without objection, will be appropriately referred without being read.

The message from the President was referred to the Committee on Finance, as follows:

To the Congress of the United States:

It is now time to set forth to the Congress and the American people the additional steps we consider necessary to assure the continuing health and strength of our economy.

I have been watching carefully the performance of our economy. I have consulted frequently and at great length with the wisest and most experienced advisers available to the President—with the responsible officials in my administration, with Members of the Congress, with leaders of business and labor and with economists from our universities.

Prudent economic policy requires timely well-considered action in the national

interest. The true interest of the American people lies in uninterrupted growth at stable prices. We must always be prepared to act to protect that growth. But we must act with caution and avoid drastic changes that are not clearly required for the economic welfare. We must focus our restraint on those sectors of the economy that need urgent attention.

Certain actions have become clearly necessary to protect the interest of our people in stable prosperity and I intend to take those actions now.

I am going to cut all Federal expenditures to the fullest extent consistent with the well-being of our people.

I recommend that the Congress promptly make inoperative, for a temporary period, those special incentives for plant and equipment investment and commercial construction that currently contribute to overheating the economy.

Every effort will be made to ease the inequitable burden of high interest rates and tight money.

Further longer range actions may prove necessary to maintain balanced growth and finance the defense of Vietnam. But we will not have the necessary facts about fiscal 1967 expenditures until the Congress completes action on the remaining eight appropriation bills, and until the Department of Defense

knows the size of the supplemental appropriations needed to support our men in Vietnam.

As soon as I receive these bills and defense estimates, I will again review Federal expenditures for this fiscal year. We intend to reduce or eliminate every possible Federal expenditure provided in those bills consistent with the well-being of our citizens.

When the Congress votes for add-ons to the remaining eight appropriation bills, it must bear in mind that each vote to increase the budget will likely require a vote to increase the revenue later.

This administration is prepared to recommend whatever action is necessary to maintain the stable growth and prosperity of the past 5½ years and to pay for current expenditures out of current revenues, as we are now doing.

THE PERFORMANCE OF OUR ECONOMY

Today the strength of the American economy exceeds all records and all expectations. For 67 months—for 5½ years—the trend of our economy has been steadily up:

True production of goods and services has grown 5½ percent a year, putting the American economy in the front rank among the major nations of the world.

The spendable income of our consumers has increased 41 percent.

Nine million more workers are employed on nonfarm payrolls.

Unemployment has dropped from 7 percent to 3.9 percent.

No nation has ever enjoyed such prosperity.

High production, high wages, high profits and low unemployment are benefits to be sought and preserved. The new problems of prosperity are much to be preferred to the old problems of recession or depression. But the great satisfaction that accompanies the solution of old problems must be tempered by full recognition of the new problems these solutions bring.

We must meet these new problems without jeopardizing past gains or present performance. And we must not revert to the pendulum economy of the 1950's.

Caution signs became visible early this year. Responsible fiscal policy required prudent action.

This administration and the Congress acted to protect our prosperity by taking \$10 billion of excess purchasing power out of the economy this calendar year: \$6 billion through increased payroll taxes for social security and medicare, \$1 billion through restored excise taxes, \$1 billion through graduated withholding of individual taxes, \$1 billion through a speedup in corporate tax payments, \$1 billion through an administrative acceleration of tax payments.

Responsible fiscal policy also demanded tight control of Federal expenditures. This control has been exerted.

The fiscal 1966 budget on a national income basis—the best measure of the economic impact of Federal activity—showed an overall surplus of about \$1

billion. In the first half of calendar 1966, the annual rate of this surplus rose to \$3 billion. Since January 1 of this year, we have taken in more money than we have spent.

The fiscal 1967 budget submitted to the Congress reflects the same tight control. As a result, apart from special Vietnam costs, the 1967 budget increased expenditures by only \$600 million—an increase of less than 1 percent over fiscal 1966. For the Great Society program enacted by the Congress, I requested an additional \$3.2 billion—but only after offsetting reductions had been made by pruning lower priority programs, by improved management and cost reduction, and by closing obsolete bases, and eliminating unnecessary defense expenditures.

Therefore, except for the \$600 million, every dollar spent on Great Society programs was secured by reducing or eliminating outmoded programs.

In recent weeks, there have been signs of developing imbalance in the economy.

As we all know, prices have been rising. To be sure, average income is rising faster than prices, and average price increases in the past 5½ years are considerably less than in the previous 5½ years.

Nevertheless, sustained price increases in food, services, and industrial products threaten our delicately balanced structure of wage and price stability. We ask workers to restrict their wage demands to the gains in labor's productivity. But this also requires a reasonable prospect of stable living costs.

Ours is increasingly a fixed income population. More than 20 million Americans depend on social security benefits. Millions of others live on modest private pensions, past savings, and the proceeds of life insurance policies.

Inflation imposes a cruel and unjust tax on all the people.

Inflation also saps the competitive strength of American industry in world trade. Recently, we have witnessed a decline in the trade surplus so vital to our balance-of-payments position. A healthy export expansion has not been enough to offset the bulging increase in imports.

In recent months, there has been an exaggerated boom in business investment. Moreover, the rapid growth of business credit has not moderated significantly, despite tight money restraints that, if intensified, threaten to halt balanced growth.

In the early 1960's, when there was unnecessary slack in the economy, and when growth was too slow, we took the steps needed to stimulate expansion and move toward full employment. But good economic policy works both ways. When total spending rises more rapidly than the economy can accommodate—when business investment creates undue pressures—when armed conflict overseas imposes new burdens on Government—then we must be willing to shift into lower gear and reduce inflationary pressures.

Our program early this year to remove \$10 billion from the U.S. economy was a

first step in this direction. But the continued and mounting pressures since that time require the second-step program I am recommending today. And I shall not hesitate to take further fiscal steps when the size of the budget and the developments in our economy indicate that they are necessary.

PROGRAM OF ACTION

I propose the following program of immediate action for the Congress and the American people:

1. I am taking strong measures to reduce lower priority Federal expenditures.

Determination of the exact amount of reduction in that limited portion of the fiscal 1967 budget under direct Presidential control must await congressional action on the remaining appropriation bills. Our best present estimate is that a reduction of 10 percent—approximately \$3 billion—will be required from that portion of the budget.

Bills already passed by both Houses of Congress—some unanimously and others by large bipartisan majorities—have added approximately \$2¼ billion to the spending authority I requested from this session of the Congress. If bills passed by one or the other of the Houses of Congress, or now before congressional committees, are finally approved in their present form, they will add almost \$4 billion to Federal spending authority and \$2 billion to spending in the current fiscal year. Members of the Congress will, by holding remaining appropriations within the amount of my requests, limit the amount of additional revenue that may be required next year.

Although the costs of the Vietnam conflict are uncertain, if this conflict extends beyond the current fiscal year, we will be forced to order additional material and equipment. To be on the safe side and to support our men in Vietnam, we must act on this contingency.

I have already directed that lower priority Federal programs be reduced by \$1.5 billion in fiscal 1967.

Federal civilian agencies have been directed to defer, stretch out, and otherwise reduce contracts, new orders, and commitments. Each major agency has been given a savings target, with orders to meet that target.

I am prepared to defer and reduce Federal expenditures: by requesting appropriations for Federal programs at levels below those now being authorized by the Congress, by withholding appropriations provided above my budget recommendations whenever possible, and by cutting spending in other areas which have significant fiscal impact in 1967.

My 1967 budget called for total expenditures of \$112.8 billion. Of this amount, \$58.3 billion is for Defense. Of the remaining \$54.5 billion, payments fixed by law or otherwise uncontrollable—such as civilian pay, interest on the public debt, veterans' compensation and pensions, public assistance payments, agricultural price supports, and payments on prior contracts—account for \$31.5 billion. This leaves only some \$23 billion of

expenditures subject to immediate Presidential control.

The corresponding appropriation total—new obligational authority—is \$31 billion. The savings I have directed must come from that total. They will not be easy to achieve.

But at a time when individual incomes and corporate profits are at unparalleled levels, a compassionate and mature people will not make the poor carry the burden of fighting inflation. For such a policy would be neither good economics nor social justice.

During the calendar year 1967, the product of the American economy will increase by some \$50 billion. Before the end of this year, we will be producing at a rate of \$750 billion—three-quarters of a trillion dollars—a year. And the Federal budget has been claiming a declining share of that product. The Federal administrative budget—the best measure of the size of Federal programs that are not self-financed—has declined from 17 percent of the gross national product in fiscal 1955 to less than 15 percent in fiscal 1966. If we had spent the same percentage as in 1955, our administrative budget would have been \$15 billion higher last year.

I intend to conserve and save public outlays at every possible point. But it would be shortsighted to abandon the tasks of educating our children, providing for their health, rebuilding the decaying cities in which they live, and otherwise promoting the general welfare.

Postponed investment in buildings and machines can be made at a later date without serious injury. But we can never recapture the early years of a child who did not get the headstart he needed to be a productive citizen, or the lost opportunities of the teenage dropout who was never given a second chance. And we can never repair the ravages of a disease that could have been prevented, or recall the lives lost by cancer that might have been cured.

The fiscal measures which have given us the unparalleled prosperity of the past 5½ years were a product of the partnership of the Congress and the Executive. The Great Society programs, placed on the statute books of this country by the overwhelming majority of the Congress, also reflect our partnership to promote the welfare of the people of this country. So, now, we must work together to assure that the prosperity and social progress of the past 5½ years continue.

2. I recommend that the Congress make the 7-percent investment tax credit inoperative, effective September 1, 1966, to become operative again on January 1, 1968.

The temporary suspension should apply to all orders for machinery and equipment placed on or after September 1, 1966, and before January 1, 1968, regardless of the date of their delivery.

The suspension should be across the board, without exception, applying effectively and equitably to all investing

industries. No special treatment or special exclusions should be made for this brief period of suspension.

One of the great accomplishments of recent years has been the mighty upsurge of business investment in plant and equipment, to expand and update our industrial capacity, and to provide more jobs for our workers. This gratifying surge is now, however, proceeding too swiftly. For the past 3 years, this investment has been rising more than twice as fast as our gross national product.

Our machinery and equipment industries cannot digest the demands currently thrust upon them. We see symptoms of strain in growing backlogs, accelerating prices, and emerging shortages of skilled workers. There is a 10-month average backlog on machine tool orders alone. On many machine tools, the order backlog exceeds 15 months.

Our capital markets are clogged with excessive demands for funds to finance investment. These demands bid interest rates higher and higher, and draw too large a share of credit from other important uses.

The current machinery and equipment boom reflects many incentives and supports—the reform of depreciation guidelines, the investment tax credit, reductions in corporate income tax rates, the dramatic strengthening of consumer markets, and the stepped-up flow of defense orders.

I am asking Congress today to make inoperative for 16 months one of the special incentives in order to moderate the growth of capital spending.

Our high-employment, high-profit economy will still provide abundant incentive for growth in our capacity sufficient to produce the goods we need, for modernizing facilities, and hence for maintaining a strong international competitive position.

A temporary suspension of the investment credit will relieve excessive pressures on our capital goods producers and on our financial markets. We can then look forward to a smoother flow of investment goods—at stable costs both for machinery and for money.

The special credit was recommended as a bonus for investment to help move the economy forward. This recommendation reflected the commitment of this administration to a high-investment, high-research, high-growth economy. This is a firm long-term plan that we intend to carry out. A high level of business investment is indispensable to our prosperity and to our economic growth. The bonus of the investment credit has proved itself to be too effective a promoter of such investment to be abandoned. We shall need this bonus over the years ahead and it should be restored.

Now, however, our problem is to keep investment within safe speed limits. We should not continue to press on the accelerator. We should not now provide a bonus to do something that we do not

want done now and will very much want and need to be done later on.

3. I recommend that the Congress suspend until January 1, 1968, the use of accelerated depreciation on all buildings and structures started or transferred on or after September 1, 1966.

Just as machinery and equipment outlays are stimulated by the investment tax credit, construction of commercial and industrial buildings is advanced and encouraged by accelerated depreciation. To assure that safe speed limits are applied to all forms of investment, we should now remove this special incentive.

Today, it is contributing unnecessarily to an inflation of building costs and to the pressures on financial markets, which are reflected in high interest rates. In the past 12 months, commercial and industrial construction was 27 percent higher than during the previous year.

In the last few months certain areas of private building have been caught in the vise of tight money and high interest rates. The suspension of accelerated depreciation is surely a more effective and equitable way to hold construction within bounds.

The logic and equity of restraint thus require suspension of accelerated depreciation. In this way, we can apply restrictive measures evenly to the various types of investment and through a broad and balanced use of our tools of economic policy.

4. I urge the Federal Reserve Board, in executing its policy of monetary restraint, and our large commercial banks to cooperate with the President and the Congress to lower interest rates and to ease the inequitable burden of tight money.

The Secretary of the Treasury has reviewed all potential Federal security sales and is taking action to keep them at the minimum in the months ahead. This should help reduce current pressures on the money market and on interest rates.

I urge the Congress to act promptly on pending legislation to prevent competition for deposit and share accounts from driving up interest rates.

As more of the burden of restraint is assumed by fiscal measures—by elimination of special stimulants to business investment, higher taxes, and reduced or postponed Federal spending—we should take further action to reduce the burdens imposed on the American people by tight money and high interest rates. Present monetary measures impose a special hardship on home buyers and small businessmen.

Banks should handle money and credit equitably and without extracting excessive profits. They should rely less on high interest rates to price borrowers out of the market and more on the placing of appropriate ceilings on credit.

I am responding to the requests of the financial community to ease the great pressure on money markets. The Federal Reserve Board and our large commercial banks must now recognize that

we are determined to restrain inflationary pressures by fiscal and budgetary measures. I ask, in turn, that the financial community seize the earliest opportunity to lower interest rates and more fairly allocate the existing supplies of credit.

I have been assured that every effort is being made to detect any easing of inflationary pressures in order that monetary policy can be adjusted quickly and adequately to maintain stable and sustainable economic growth.

PRESERVING ECONOMIC FREEDOM

The demand for goods, including capital investment must be kept roughly in balance with the ability of our economy to meet this demand. Within this general strategy for a free economy, we seek the cooperation of employers and unions in maintaining price and wage policies consistent with stability.

We ask that wage increases remain within labor's productivity gains. We ask that industry forego price increases where there are no increases in costs and reduce prices when costs fall.

The alternative to this strategy is the endless pursuit of wages by prices, and prices by wages, to the common disadvantage of all participants and the Nation as a whole.

I ask American business to:

Base demands for credit on genuine needs, not on speculation of future scarcity or higher cost.

Maintain an inventory position based on current requirements, not on fears or hopes that prices will be higher later on.

Postpone investment projects that are not absolutely necessary at this time.

Set prices on the basis of real costs, not imaginary future costs that build in an assumption of inflation.

Limit profits to those appropriate for a steadily expanding economy.

I ask American labor to:

Avoid wage demands that would raise the average level of costs and prices in the economy.

Adopt work rules and standards for entry into its trades that are appropriate for a continuing full-employment economy.

Cooperate with business to raise productivity so that pay increases will be matched by production increases.

The steps I have taken and recommended today are needed to keep the American economy on the safe course of stable prosperity it has enjoyed for the past 5½ years.

Decisions made elsewhere will influence our defense needs in Vietnam. Because we cannot control or predict these outcomes, we cannot blueprint our fiscal measures in the months ahead. But should additional fiscal measures be required to preserve price stability and maintain sound fiscal policies, I will recommend them.

By continuing on a prudent course in our private and public policies and by preserving our capacity for stable economic growth, we can look forward to continuing progress. We can make that progress within the framework of a free economy. We do not want to resort to controls. If we take the necessary actions, next year should bring new heights in consumer living standards, in savings for the future, in our progress toward the Great Society.

I urge the Congress to exercise prudent restraint in appropriating public funds and to act promptly on the legislative proposals I have set forth in this message.

LYNDON B. JOHNSON.

THE WHITE HOUSE, September 8, 1966.

Mr. MANSFIELD. Mr. President, I approve and applaud the action taken by the President in his message to the Congress today. He discussed the message with the majority leadership and was assured of their support in what he proposed.

The President has acted wisely to take the measures he has advocated and to propose to the Congress what it can do, in concert with the President, to assure the continuing health and strength of our economy.

The steps he will take and which he has proposed to us are both timely and necessary. He has asked the Congress, business, and labor to join with him to keep our economy on a safe and stable course.

The President has not asked for controls but voluntary cooperation and voluntary action. This, I am sure, will be forthcoming from the Senate and it is my hope that the legislative proposals requested will be given prompt consideration.

Mr. SMATHERS. Mr. President, I would like to take this opportunity to commend and express my support of the President of the United States for taking what I believe to be effective action to cool off an overheated economy.

Once again he has demonstrated true leadership in the public interest. I am confident that in his recommendation that the 7-percent investment credit be suspended from September 1, 1966, through January 1, 1968; suspension of accelerated depreciation on buildings constructed after September 1, 1966; and recommending a cut in his originally proposed budget of \$1½ billion will bring about stability in the monetary and fiscal policies of this Nation.

We have all recognized that there have been strong inflationary trends in what is commonly called an overheated economy. The President and the Congress have recognized this for some time and everybody has been seeking a solution to a very difficult problem.

I believe the President's program is a sensible program. It is a reasonable

program. It is a program that, in my opinion, administers the proper amount of medicine to the patient.

In taking this timely action the President has once again demonstrated his ability and capacity to do the job. This action will instill confidence in all sectors of the economy—business, labor, and consumer.

None of us here in the Congress who have known the President ever had any doubt about this to begin with.

In reducing the Federal budget request by \$1½ billion he is setting an example of need for cooperation between the Government and the private sector in maintaining sound fiscal and monetary policies.

There is one other aspect of the President's recommendation that I believe has substantial merit, and that is his request of the Federal Reserve to urge commercial banks to lower their interest rates.

This should have a very substantial effect that will benefit the American consumer.

Action on the President's program will start Monday in the House of Representatives. I predict that it will be prompt and the Congress as a whole and the American people will give the President of the United States 100-percent cooperation.

We can be further assured that, if other additional action is necessary in the future, the President will not hesitate to act in the best interest of this country.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HART. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

RECESS UNTIL 12 O'CLOCK NOON TOMORROW

Mr. HART. Mr. President, pursuant to the order previously entered, I move that the Senate stand in recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 4 o'clock and 4 minutes p.m.) the Senate recessed until tomorrow, Friday, September 9, 1966, at 12 o'clock meridian.

CONFIRMATION

Executive nomination confirmed by the Senate September 8, 1966:

DEPARTMENT OF THE INTERIOR

Charles F. Luce, of Washington, to be Under Secretary of the Interior.